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Special 40th Convention Issue

SEPTEMBER 1960

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THE Soybean Digest

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Official Publication of American Soybean Association and
Soybean Council of America, Inc.

HUDSON, IOWA

Vol. 20 September, 1960 No. 11

IN THIS ISSUE

Index of Advertisers	4
Honorary Life Members 1960	8
The News in Brief	11
Report of the 40th Annual Convention	14
Resolutions	16
Report of the President	18
CARLE G. SIMCOX	
Report of the Executive Vice President	21
GEO. M. STRAYER	
The Cover Picture	24
Benefits to Producers of Hedging	26
CONRAD LESLIE	
The Japanese American Soybean Institute	31
SHIZUKA HAYASHI AND DAVID R. FARLOW	
The Margarine Outlook	37
SIERT F. RIEPMA	
Overseas Markets for Agricultural Products	40
HOWARD L. ROACH	
European Operations of the Soybean Council	45
FRED R. MARTI	
Spanish Operations of the Soybean Council	48
JAVIER DE SALAS	
Tomorrow's Soybean Markets	50
GEO. M. STRAYER	
Factors Affecting the Relationship Between Wheat and Soybeans	52
JOHN W. EVANS	
Factors Affecting the Relationship Between Corn and Soybeans	54
WALTER W. GOEPFINGER	
Factors Affecting the Relationship Between Cotton and Soybeans	57
HARRIS H. BARNES, JR.	
Factors Affecting the Relationship Between Rice and Soybeans	59
JOHN W. WHITE	
Value of the Soybean Crop Improvement Council	61
HERBERT W. JOHNSON	
What Price for 1960-Crop Soybeans?	62
T. A. HIERONYMUS	
Export Prospects for Soybeans and Soybean Oil	65
WALTER W. SIKES	
From the Processor's Standpoint	67
GLENN POGELER	
As Viewed by the Soybean Exporter	68
LOREN W. JOHNSON	
The Protein Situation	70
ROBERT ALEXANDER	
As Viewed by the Soybean Producer	73
JAMES YOUNG, JR.	
Joint Effort with Feed Grains Council	75
Crop Report	76
August Markets	78
Washington Digest	80
GEORGE PETER	
Market Street	81
In the Markets	82

SEPTEMBER, 1960

THE SOYBEAN DIGEST

EDITORGeo. M. Strayer

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Objectives of the American Soybean As-
sociation include the bringing together of
all persons interested in the production,
distribution and utilization of soybeans;
the collection and dissemination of the
best available information relating to both
the practical and scientific phases of the
problems of increased yields coupled with
lessened costs; the safeguarding of produc-
tion against diseases and insect pests; the
promotion of the development of new
varieties; the encouragement of the inter-
est of federal and state governments and
experiment stations; and the rendering of
all possible services to the members of the
Association.

INDEX OF ADVERTISERS

Aeroglide Corp.	46	Dunbar Kapple, Inc.	41	Myers-Sherman Co.	9
Allied Mills, Inc.	88	Farmers Cooperative Co.	86	New York Terminal	
American Express Field		A. T. Ferrell & Co.	79	Warehouse Co.	72
Warehousing Corp.	64	Filter Fabrics, Inc.	75	North Iowa Cooperative	
American Mineral Spirits Co.	2	French Oil Mill		Processing Assn.	84
V. D. Anderson Co.	87	Machinery Co.	49	Peabody Hotel	83
Barrow-Agee Laboratories, Inc.	82	General Mills, Inc.	23	Penola Division, Humble.	71
Big 4 Cooperative Processing		Jacob Hartz Seed Co., Inc.	4	Hubert Phelps Machinery Co.	69
Assn.	82	Hess Terminal Corp.	13	Phillips Petroleum Co.	19
Blaw-Knox Co.	10	Huntley Manufacturing Co.	43	Port of New Orleans	39
Buhler Mill Engineering Co.	74	Inland Forwarding, Inc.	34	Seedburo Equipment Co.	63
Burrows Equipment Co.	27	Iowa Milling Co.	80	Shanzer Manufacturing Co.	17
Butler Manufacturing Co.	28	Iowa Soya Co.	86	Signal Oil and Gas Co.	25
Cargill, Inc.	5	Kansas Soya Products Co., Inc.	18	Simon-Carter Co.	7
J. I. Case Co.	77	Langston Bag Co.	51	Southern Soya Corp.	85
Columbian Steel Tank Co.	33	Lauhoff Soya Co.	30	Stillpass Transit Co.	18
Commodity Trend Service	32	Law & Co.	55	Twin City Machine Co.	62
Continental Grain Co.	47	George Lloyd Levin.	44	Urbana Laboratories	73
Dannen Mills, Inc.	84	O. E. Linsin, Inc.	65	B. I. Weller Co.	58
Davenport Machine &		Merrill Lynch, Pierce,		West Bend Elevator Co.	38
Foundry Co.	36	Fenner & Smith, Inc.	24	K. I. Willis Corp.	44
Delphos Grain & Soya		Memphis Concrete Silo Co.	66	J. E. Witteried &	
Products Co.	55	Midwest Bag Co.	76	Associates	85
Drake Petroleum Co.	53	Muskogee Iron Works	29	Woodson-Tenent Laboratories.	6

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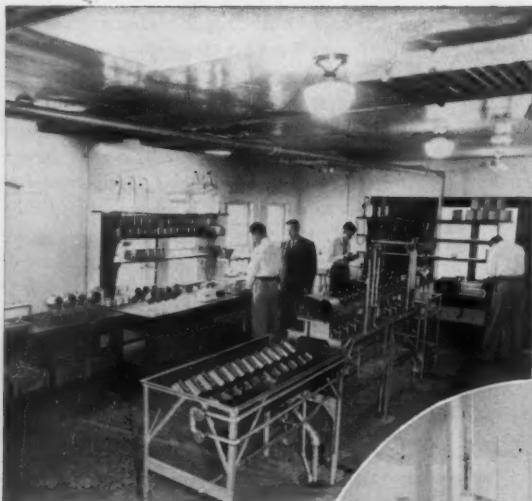
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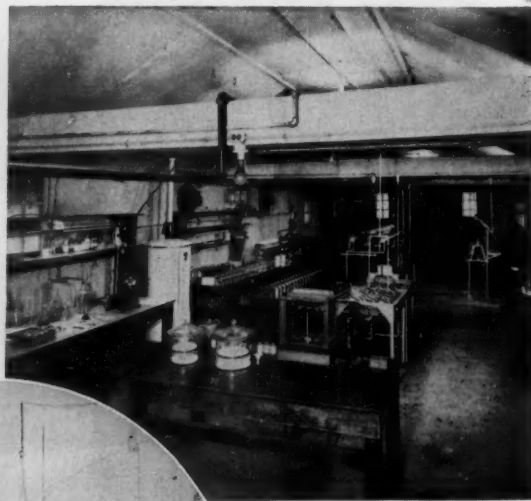
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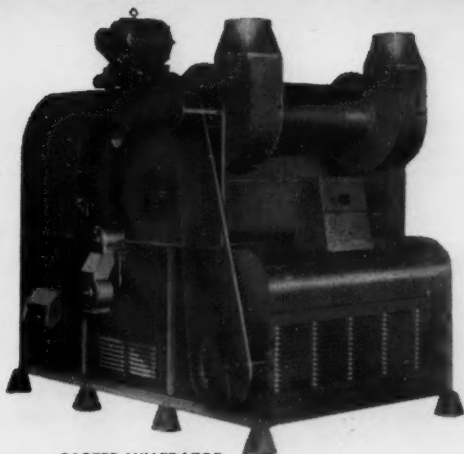
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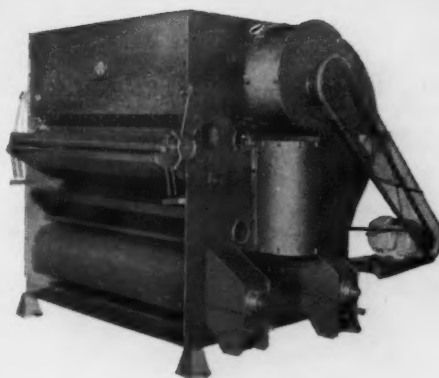
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HONORARY LIFE award is presented to Dr. E. E. Hartwig by ASA vice president Charles V. Simpson, at left. Jake Hartz, Jr., also in the picture, introduced Dr. Hartwig. At right, Mr. Simpson pre-



sents the life award to Dr. Frederick Dimmock. In back is K. A. Standing, Chatham, Ontario, who introduced Dr. Dimmock.

Honorary Life Members—1960

Dr. E. E. Hartwig

THE RECENT rapid growth of soybean production in the southern United States has been truly remarkable.

Edgar E. Hartwig is probably as much responsible for that growth as any one man. His soybean work has made him known, not only here in the United States, but worldwide. He is known in many lands other than ours. Our Japanese friends tell us his work has been very beneficial to the farmers in Japan.

Dr. Hartwig was born in 1913 at Wheaton, Minn. He received his bachelor of science degree from the University of Minnesota and his doctor of philosophy degree from the University of Illinois.

He was associated with the sweet clover breeding project at the University of Illinois and the watermelon and Sea Island cotton breeding program at the Florida Agricultural Experiment Station before joining the southern soybean improvement program in cooperation with the North Carolina Agricultural Experiment Station in 1943.

In January 1949 he became coordinator of the southern soybean improvement program at the Delta Branch Experiment Station, Stoneville, Miss., which position he still holds.

Dr. Hartwig has had a major part in the development and release of

the following southern soybean varieties: Roanoke, Jackson, Dorman, Lee, Hood and Hill. In recent years more than 90% of the soybean acreage in the Midsouth has been planted to these varieties. In 1959, more than 95% of the soybean acreage in Mississippi was in four of these varieties.

Dr. Hartwig's contributions to the soybean industry have not been limited to plant breeding. His studies have increased fundamental knowledge of genetics, plant nutrition, diseases, and plant response to environment.

His research on time of planting soybeans showed the advantage of delaying planting until early May. This knowledge has been one of the major contributing factors for increased yields and successful production of soybeans in the South.

Despite an extensive research and testing program, he is never too busy to discuss soybeans with interested producers or processors. His correspondence is worldwide and his publications are regarded as classics.

In recognition of his contributions to American agriculture, Dr. Hartwig was awarded the U. S. Department of Agriculture superior service award in 1956.

Dr. Frederick Dimmock

MANY OF THE early varieties of soybeans that have been developed as the result of the work of Dr. Frederick Dimmock of Ottawa are of great importance in the northern United States as well as Canada.

Dr. Dimmock was born at Edg-

ware, Middlesex County, England, in 1896, and came to Canada at the age of 15.

From 1916 to 1919 he served in France with the Canadian Engineers.

He received his BSA degree at McGill University in 1923, his MSA degree in 1925, and his PhD at the University of Nebraska in 1947.

Dr. Dimmock served as assistant agrostologist at the Agricultural Experiment Station, Harrow, Ontario, from 1923 to 1928, and was transferred to the forage crops division, Experimental Farms Service, Canada Department of Agriculture at Ottawa, Ontario, in 1928. He has been in charge of the soybean and corn breeding programs at Ottawa since 1928.

Dr. Dimmock has effectively carried on research in soybean improvement in Canada. He has had charge of the program of soybean investigations for the Canada Department of Agriculture since it was initiated in 1924. During the 6 years he was at Harrow he developed and distributed A. K. (Harrow), and later Harman, the selection of which he began at Ottawa.

The program of soybean research which he initiated at Ottawa has resulted in the development and distribution of the following early-maturing varieties of soybeans, most of them from hybridization: Mandarin (Ottawa), Capital, Kabott, Pagoda, Comet, Acme, and Merit. These varieties have contributed greatly to the development of a successful soybean industry in Canada, and have been of great importance in the northern United States.

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THE CROP, MARKETS AND OTHER ITEMS OF NOTE

Record World Exports

A record 8.9 million short tons of fats, oils, and oilseeds, fat or oil equivalent, is expected to enter world trade channels in 1960, representing a 3% increase from the previous record of 1959, according to Foreign Agricultural Service, U. S. Department of Agriculture. **The United States will supply a record proportion—about one-third—of the world's trade in fats and oils.** This is about 3% higher than the previous high in 1959.

World shipments of soybeans and soybean oil probably will be at least 10% above last year mainly because of the heavy movement of U. S. soybeans and soybean oil.

World production of fats, oils, and oilseeds in 1960 is also forecast at an alltime high, probably reaching 31.4 million tons. Output will be slightly larger than the previous record of 1959.

Record Crop in Brazil

Brazil expects to harvest 8.1 million bushels of soybeans from about 383,000 acres this season, reports U. S. Department of Agriculture. This is a record crop and a third larger than the 5.9 million bushels grown on 289,000 acres last year. Contributing to this year's record production are relatively good prices, encouragement by the industry, and disappointment with recent wheat crops.

At present Brazil has light vegetable oil situation and a strong demand for soybeans.

The livestock bureau of the Agriculture-Forestry Ministry of Japan has asked the Japanese government for imports totaling 50,000 metric tons of soybean meal for September-October arrival, according to the Japanese American Soybean Institute. The import price would be set at \$75 CIF for Soviet meal and \$85 CIF for U. S. meal.

Soybean acreage in Hokkaido, the main soybean-growing area of Japan, is down by 25,000 acres this year, JASI reports. The trend is to more profitable crops in the area.

USDA has announced issuance of an authorization to Colombia to purchase up to \$945,000 worth of soybean or cottonseed oil under P. L. 480, or about 3,000 metric tons. Sales contracts made between Aug. 4 and Aug. 31 were eligible for financing, and shipments may be made until Sept. 30.

USDA has announced agreement with Taiwan to provide for sale of \$400,000 worth of soybean oil or cottonseed oil—about 3 million pounds. Sales will be made by private traders and purchase authorizations will be announced later.

The Soybean Council of America will participate in the coming trade fair in Salonika, Greece, Sept. 4-25. Paul Klinefelter, manager of the Central Iowa Bean Mill, and former vocational agricultural instructor at Gladbrook, Iowa, will represent the Council at the fair. Paul left for Greece the last of August.

Research Grant to Italy

A grant to the National Institute of Nutrition, Rome, Italy, for study of the adaptability of soybeans as a protein supplement in important Italian foods was announced in late August by the USDA.

The grant of \$73,625 will finance a 4-year study of the admixture of soybean protein products with wheat flour in the manufacture of such edible paste products as spaghetti and macaroni, staple foods in Italy. The grant is under P. L. 480, and the research is administered under USDA's Foreign Agricultural Research Service.

Changed Price Pattern

In the past 3 or 4 years the seasonal price pattern for soybeans has changed, according to George W. Kromer, agricultural economist in USDA's Agricultural Marketing Service in the August 1960 Agricultural Situation. Prices farmers receive for soybeans don't move up and down during the season as much as they used to. The rise from the seasonal low to the seasonal high has been much less than it used to be, according to Mr. Kromer. For example, during the last four seasons, the rise from a low in October to a high in May has averaged 13¢ a bushel or only 7%. But in the seven seasons before then, prices rose an average 55¢ or 23%.

Soybean prices have also reached their peak sooner—in April instead of May—and a large part of the rise has been occurring in January, says Kromer.

Several developments have contributed to these changes in the seasonal pattern of soybean prices. Soybean production has expanded more rapidly than market outlets. Prices to farmers have averaged close to the support price which has been lowered in recent years.

The soybean movement from farms takes place rather quickly after harvest but marketings have slowed some in the past few years. Because of favorable storage gains in earlier years, many farmers shifted to farm storage and later marketings. Consequently, soybean prices have not fluctuated as widely as in prior years.

The flattening seasonal price pattern for soybeans which has evolved in recent years along with a maturing soybean industry has reduced the profitability of farm storage. Factors tending to lend more stability to the seasonal swing in soybean prices include (1) more adequate storage facilities, (2) the price support program for soybeans and (3) increased participation in the futures market.

See the price forecast for the coming marketing year by T. A. Hieronymus on page 62.

Crotalaria In Export Market

The largest crusher of soybeans in the Netherlands has identified seed of crotalaria in two different cargoes of U. S. soybeans received in that country, and will refuse henceforth to accept delivery on any shipment of soybeans in which any amount of crotalaria seed is found, according to Geo. M. Strayer, American Soybean Association executive vice president.

Crotalaria seed, which is somewhat smaller than soybean seed, is highly toxic to poultry and livestock. East Coast processors some months ago announced they would refuse to buy lots of soybeans in which any amount of crotalaria seed was found. "This apparently diverted the lots of soybeans refused by processors to the export channels," said Mr. Strayer.

"Let's not jeopardize our export markets for soybeans by shipping cargoes which will be refused by buyers. Infestation with crotalaria covers only a small area, and only a small portion of the farms in that area."

Organize Canadian Groups

The Ontario Soybean Growers Marketing Board has embarked on a program to unite all Ontario commodity groups in a common fight for a better price support structure, according to Canadian newspapers. Board officials estimate that a 1¢-a-pound tariff on soybeans imported into Canada would mean a \$2.46-per-bushel price for growers. They want comparable protection against imported meal and oil but say the biggest problem is to get commodity groups together to establish a better price structure, according to newspaper reports.

This year's Canadian soybean crop is expected to be 87% of the normal crop, estimated at 6.4 million bushels.

Two deaths and widespread illness following eating a new margarine product are reported from the Netherlands. Cause of the illness is now under study. The product has been withdrawn from the market.



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Simpson New ASA President; Sullivan, Hammer Are Directors



CHARLES V. SIMPSON, Waterville, Minn., was elected president of the American Soybean Association at the close of the 40th annual convention in Memphis, Tenn., Aug. 23. He succeeds Carle G. Simcox, Assumption, Ill., who has been a conscientious servant of the soybean producers' organization during the past year.

Hubert Baker, Dalton City, Ill., was elected vice president, succeeding Mr. Simpson. Geo. M. Strayer, Hudson, Iowa, was reelected executive vice president.

Two new members elected to the board of directors were Hays Sullivan, Burdette, Ark., and Joe W. Hammer, Des Moines, Iowa. Mr. Sullivan's election was in recognition of the increasing importance of Arkansas as a soybean-producing state, and increased the number of Arkansas directors to two. Mr. Sullivan lives in Mississippi County, now the nation's No. 1 soybean-producing county. Last year Arkansas boasted three of the four top producing counties in the nation, and ranked fourth in soybean production.

Mr. Hammer is a member of the board of directors of the National Corn Growers Association and of the U. S. Feed Grains Council. With his election, Iowa is represented by three directors.

Richard Smith, Tilbury, Ontario, was elected a director to the ASA

board by Ontario Soya-Bean Growers Marketing Board to succeed William M. Wallace, Woodslee, Ontario, who was killed in an automobile accident July 5.

Directors reelected to 2-year terms were Strayer; Howard L. Roach, Plainfield, Iowa; O. H. Acom, Wardsboro, Mo.; John Butterfield, Pana, Ill.; Walter M. Scott, Jr., Tallulah, La.; Ersel Walley, Fort Wayne, Ind.; and David G. Wing, Mechanicsburg, Ohio.

Holdover directors are Baker; Simpson; Simcox; Chester B. Biddle, Remington, Ind.; John W. Evans, Montevideo, Minn.; Harry Gatton, Jr., Rumsey, Ky.; Jake Hartz, Jr., Stuttgart, Ark.; Glen Myers, Memphis, Mo.; and John Sawyer, London, Ohio.

Twenty-six states and Italy, Spain, Israel, Japan, India and Canada were represented at the convention, which was held jointly with the National Soybean Processors Association and the National Soybean Crop Improvement Council Aug. 22 and 23. Over 700 were in attendance.

Glenn Pogeler, chairman of the Processor board, was toastmaster at the first annual joint banquet of the three groups. Musical numbers at the banquet were furnished by the Sally Skipper Combo.

The reception preceding the banquet was sponsored by the Processor Association. And the ladies luncheon at the John Gerber Co. was sponsored

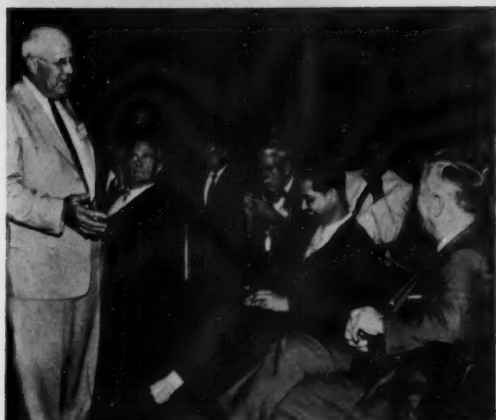
NEWLY ELECTED officers and directors. Top picture: President Charles V. Simpson and Vice President Hubert Baker; second picture: Executive Vice President Geo. M. Strayer; third from top: new directors Hays Sullivan and Joe W. Hammer; bottom: new Canadian director Richard Smith.

40th CONVENTION
ASA
Memphis

Growers and processors had a joint registration desk for the first time this year. Seated at far left Mr. and Mrs. Geo. McCulley register ASA convention attendees; and at far right Johanna C. Gloman and Irma Crouse register processors for MSPA meeting.



The Camera Reports



Dave Wing of Ohio makes a point at Soybean Council smoker. In front seats at right are Hiroshi Nakamura of Japan and Geo. M. Strayer, ASA executive vice president.



Hugh J. Learnin, Worthmore Feeds, Inc., Waltham, Mass.; Ray Fladderman, Archer-Daniels-Midland Co., Cincinnati; Wendell W. Griffith, Capital City Products Co., Columbus; and Wm. A. Hansen, Procter & Gamble Co., Chicago.



Paul C. Hughes, Farmers Soybean Corp., Blytheville, Ark.



Lacy D. Richeson, New Orleans; Richard Smith, Tilbury, Ontario; and Ken Standing, Chatham, Ontario.

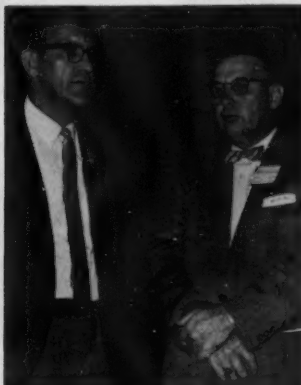


Processors Tom Vahlen and John Mogush of Cargill, Inc., and grower Jim Young, Crawfordville, Ark.

—Convention photos by G. W. Sipe, Kent Pellett, Dave Bramson, and Arun Chhabra. Read from left to right on all photos.



G. A. Hale, Burdette, Ark., seedsman; and agronomists C. E. Caviness, Arkansas, and E. E. Hartwig, Mississippi.



Iowa processors Charles Hanson, Sheldon; and Clifford Gregory, Dike.



Banquet entertainment was furnished by the Sally Skipper Combo.



ASA's president Carle Simcox and executive vice president Geo. M. Strayer, and Soybean Council president Howard L. Roach, with Longston Bag Co.'s hostess Jo Miller, in Council booth. Miss Miller wore a dress made from a feed sack.



ASA directors: O. M. Acom, Wardell, Ma.; John Butterfield, Pana, Ill.; Carle G. Simcox, Assumption, Ill., retiring president; and John W. Evans, Montevideo, Minn.



Albert Dimond, Farmer City Grain Co., Lovington, Ill.; Walter W. Goeppinger, U. S. Feed Grains Council, Boone, Iowa.



Howard McWard, Illinois Grain Corp., Chicago; J. L. Krider, Central Soya Co., Decatur, Ind.; R. W. Fischer, Soybean Council, Waterloo, Iowa.

Head table, the first annual ASA-NSPA joint banquet: Mrs. Charles V. Simpson; Geo. M. Strayer, ASA executive vice president; Ward Calland, managing director, National Soybean Crop Improvement Council; Mrs. Geo. M. Strayer; Chas. V. Simpson, ASA vice president; Mrs. R. G. Houghtlin; Howard L. Roach, president Soybean Council of America;

Mrs. Carle G. Simcox; Corle G. Simcox, ASA president; Mrs. Glenn Pogeler; R. G. Houghtlin, NSPA president; Mrs. Howard L. Roach; Glenn Pogeler, chairman of NSPA board; Donald B. Walker, vice chairman of NSPA board; Mrs. Ward Calland; and Scott E. Cramer, NSPA treasurer.

sored by the Memphis soybean processors.

Council Board

Mr. Baker was elected a member of the board of directors of the Soybean Council of America, Inc., succeeding Mr. Simcox.

Other producer members on the board who were reappointed were: Evans; Jake Hartz, Jr., Jacob Hartz Seed Co., Stuttgart, Ark.; John Sawyer, London, Ohio; Simpson; Roach; Wing; Chester B. Biddle, Remington, Ind.; and Strayer.

Glen Pogeler was named to the Council board by NSPA, replacing E. E. Rhodes.

Processors Elect

THE NATIONAL Soybean Processors Association reelected all officers at their annual business meeting: R. G. Houghtlin, Chicago, president; Glenn Pogeler, Mason City, Iowa, chairman of the board of directors; Donald B. Walker, St. Louis, Mo., vice chairman of the board; William King Self, Marks, Miss., secretary; and Scott E. Cramer, Chicago, treasurer.

Ray Fiedler, Archer-Daniels-Midland Co., Minneapolis, was elected a member of the board of directors, succeeding Ralph Bruce, also of ADM.

have cooperated with the Japanese American Soybean Institute in the market development program on soybeans and urge their continued participation in such program. We also recognize the efforts which these trade groups have made on the initiation of the Automatic Allocation system on soybean imports and we urge the continuation of these efforts until the free importation of U. S. soybeans is instituted by the Japanese government.

2—It is recommended that the U. S. Department of Agriculture, the Department of State, and their representatives in the GATT conference offer to reduce present import duties on soybeans and soybean products imported into the United States, provided, however, no duty is placed on American soybeans and soybean products moving into countries in which agreements are made.

3—It is recommended that the American Soybean Association hereby endorse those church and charity foreign relief feeding programs which will acquaint peoples of other nations of the world with U. S. fats and oils and protein products.

a—We further recommend that all possible effort be made to acquaint the World Health Organization, UNICEF, FAO and other organizations working in the international field with the value of soybeans, soybean protein, and soybean oil in establishing proper nutritional levels throughout the world.

4—We commend the Soybean Council of America for their worldwide market development program on soybeans and soybean products and urge this program be further expanded.

a—We commend the close cooperation between the several segments of the soybean industry in the Soybean Council program, and urge that increased efforts be made to enlarge the number of participants in this program.—Jake Hartz, Jr., chairman, Walter M. Scott, O. H. Acorn, John Butterfield, David G. Wing, John W. Evans, Glen Myers, and Hubert Baker.

RESOLUTIONS

Reported and Adopted by the Convention

BE IT RESOLVED by the American Soybean Association in convention assembled at Memphis, Tenn., Aug. 22-23, 1960, that:

We express our thanks to all speakers who have contributed their time and talent to the success of this meeting.

We also wish to thank all committees who have served this convention, making necessary arrangements and plans for its success; the city of Memphis, Memphis Board of Trade, Memphis processors and the Hotel Peabody management and employees for their wonderful hospitality.

We extend our thanks to the people of the fats and oils division and the administrative officers of the Foreign Agricultural Service of the U. S. Department of Agriculture for their cooperation in the promotion of soybeans and soybean products in the world markets.

Domestic

We oppose any program of acreage diversion from other crops

whereby soybean production might be increased beyond our ability to find profitable markets.

Research

We take this opportunity to express our thanks to Agricultural Research Service of the U. S. Department of Agriculture for the soybean research work being carried on, and urge that this program be expanded for research on soybeans in the fields of utilization, crop production and use of chemicals.

Trade Relations

1—We take this opportunity to thank the trade groups in Japan who



Jake Hartz, Jr., chairman of the ASA resolutions committee.



SHANZER

Thirtieth Anniversary Drier

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EFFICIENCY BETTER THAN EVER
AUTOMATED OPERATION
NEW SAFETY CONTROLS**

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With the development of Shanzer's *Thirtieth Anniversary Drier*, operators can achieve greatly increased bushels-per-hour output for far less than ever thought possible before.

Capacity increases of 40 percent or more, based on model for model and drier investment comparisons, are typical. Finished grain has a uniformly dried quality and precision reliability beyond even previous Shanzer standards; and automated operational convenience and safety are further improved by Shanzer's all new *Drier Control Center*.

There never was a better time to decide on a drier, nor a better drier value to choose than the new *Thirtieth Anniversary Drier* from Shanzer. Call your Shanzer representative, today.

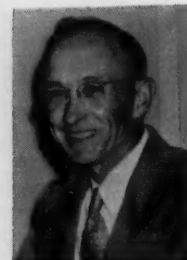
Automated operation with maximum safety and convenience are incorporated in Shanzer's new *Drier Control Center*. Electrical components are prewired at the factory for additional savings to the customer through reduced field wiring costs. Features include: automatic purging, ignition and temperature control; fused protection ahead of each motor starter; main entrance safety disconnect switch; and a complete "safety group" shutdown action covering high inlet temperature, high exhaust temperature, flame, fan or power failure.

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All Commodity Groups Must Cooperate and Find New Approach

THIS IS the 40th annual meeting of the American Soybean Association. It has been 40 years since the commercial production of soybeans started in the United States. I say to you that it was the leadership in our Association that caused the rapid development of this commodity. A commodity worth only a few thousand dollars 40 years ago, but the 1958 production sold for more than \$1,100,000,000.

We, here today, are not only interested in soybeans alone but the whole agricultural situation, so I shall dwell on this subject and later return to the soybean industry.

The landholders of the nation are stockholders in the most vital and by far the greatest manufacturing concern in the world. There will never be a larger or more important one. Human and animal life would cease to exist if the wheels of our industry ceased to turn. Our manufacturing plant operates 24 hours each day of the year and has been operating thousands of years. We manufacture food and fiber.

In our factory we have a power plant, a portable plant, the power of which exceeds by far all the combined power made by man. Our

plant travels through space from East to West. It is all under one roof, the ceiling of which is beauty to behold, and at night time is studded with a large moon and billions of small electric lights. We have an automatic sprinkler system, and the most elaborate landscaping. In the earth below our factory is stored the many chemical elements necessary to produce plant life which the human and animal life must have to exist. We inherited all these resources and power from the Grand Architect of the Universe. Our continent inherited an abundance.

Inherited money is more easily wasted than what we earn by the sweat and toil of our labors. Are we wasting our resources and power that we have inherited? Remember that "Ye are thy Brother's keeper," and let us hope that the day will come, and soon, that we can increase production in our factory and distribute the products to the less fortunate of the world. Until that time comes we must control production as all other manufacturers are doing. Prices will not control production—that has been proven. Recently I attended a meeting with more than 900 stockholders of our industry and they endorsed a mandatory control system.

Controls in other industries are working well. Let us examine the petroleum industry. In several states

we have oil proration whereby the producers can only produce a certain amount of oil in a 30-day period. They can store the petroleum in its natural state cheaper than on top of the ground. Just recently one state was only producing 8% of its potential. They are making profits under controls.

We have read about the 7 years of famine. A famine could be caused in the heavily populated areas of our nation, therefore we should always be prepared to meet these emergencies. At whatever cost, a food reserve must be carried at all times. If correctly handled this will not affect the price of our commodities that are produced annually. It is the surplus that gives us trouble. A commodity in surplus of only 5% will lower the price 20¢ or 25¢ per bushel. Under controls we will not have a surplus.

The U. S. Department of Agriculture should determine the required reserves necessary to meet emergencies. Production control should take effect when adequate reserves have been established. No reserves shall be held so long that they would become unfit for human consumption, but must be sold on the open market and at the same time replenish the reserve with fresh food by purchasing on the open market. Part of the feed grain reserve might be stored in the form of canned meats.

40th ASA
CONVENTION
Memphis

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TANK TRUCK

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Phillips modern production facilities, special handling procedures and stringent quality controls insure a uniform, premium quality solvent. And Phillips High Purity Normal Hexane costs no more than other Hexanes. Made especially for oil seed processing, this premium solvent gives you these extra benefits:

- **Light and Heavy components have been reduced.**
 - Easier removal from oil and meal
 - Better solvent recovery

- **Specific Gravity has been lowered.**
 - Less heat required to vaporize
 - Less coolant to condense
- **Sulfur and Benzene content have been reduced.**
 - No residual odor
 - Improved operations

For immediate delivery from one of many convenient shipping points, call or write today. Complete information and samples are available on request.

*85% Minimum Normal Hexane Content



PHILLIPS PETROLEUM COMPANY
Special Products Division

Bartlesville, Oklahoma



Phone: Federal 6-6600

Can we develop foreign markets rapidly enough to absorb the ever-increasing production? I would say that we cannot, but with ample financing we can cut the time of developing new markets by half. An educational program must be developed in several foreign nations to demonstrate the value of soybeans. This will require sending animal feed technicians and nutritionists into these lands for a period of at least 2 years. Now, we have the problem of financing this program before us.

To get these finances your board of directors of the American Soybean Association has made a study of the laws of several wheat states which required a checkoff of a fraction of a cent per bushel on every bushel of wheat sold. Most are of the opinion that this system should be by federal legislation rather than by state laws. With legislation of this kind we are keeping our hands



Alfred Horst, Buhler Mill Engineering Co.; and Robert Allewelt, USDA.



Dr. John Gray, Baton Rouge, La.; Mrs. David G. Wing, Mechanicsburg, Ohio.



A. T. Ferrell's Floyd J. Sovey; Seedburo's Rex Yocum.

out of the federal treasury. Our legislative committee has prepared a bill, a copy of which has been placed in the hands of each director for study. If time permitted I would like to read the bill at this time. If it is the wishes of the board the bill will be introduced in the next session of Congress. I ask you not to form an opinion pro or con on such legislation until you have made a study of it.

This legislation I most enthusiastically endorse. From the speech made last year by our President John Sawyer, I wish to quote, "If all soybean growers were aware of the work to be done and the tremendous benefits to be gained, and if they realized the necessity of coordinating and organizing our efforts to accomplish the things so badly needed, every soybean grower in United States would be an enthusiastic and active member of our Association."

How can we get directly to the soybean growers that they may be aware of the work that is being done and that which is to be done?

In our great manufacturing plant the question is, "Who are the directors?" Are they our three major farm organizations? If so, the board is divided into three segments and most of the time is traveling in three directions. This action will get us nowhere.

The workable rules and policies are going to be written by the grass-root stockholders and workers in our industry and not under political domination which would happen if written in Washington.

Today, we have in our industry tens of thousands of university men with degrees in business administration, science, engineering and many others who can do the job. We have the brains down on the farm.

Most segments of our industry have not paid dividends for several years and we always want to put blame on someone. It is my belief that a great deal of our trouble is in our own leadership. The time is here that all agricultural commodity groups must cooperate and develop a new approach.

We are in convention today to report how our industry is doing in the production of soybeans and to determine how it is to be operated in the year ahead. There will be many problems to solve. Until the production of soybeans reached a volume of approximately 400 million bushels we were producing for our domestic market. Production beyond this figure must be sold in

foreign markets, and to expand those markets the American Soybean Association in cooperation with the Foreign Agricultural Service organized the Japanese American Soybean Institute early in 1956. Our exports to Japan have increased every year, amounting to 18 million in 1956 and approximately 42 million from our 1959 production. In early 1957 the Growers Association and the Processors Association formed the Soybean Council of America to develop a greater market for soybeans in Europe. This too has been a very fruitful endeavor.

The Council has made surveys in 40 nations many of which are potential markets for soybeans and soybean products.

These programs have been financed by contributions from individuals, the National Processors Association and segments of the grain trade.

On behalf of the soybean producers I wish to extend our thanks to all of you, not only for your financial contributions but also your moral support and leadership.

Through farm magazines we can reach more soybean producers than in any other channel; therefore I recommend that we ask for the privilege of appearing before a meeting of the farm editors in some future meeting to relate our story.

My third recommendation is that soybeans be made a basic commodity. Being a basic commodity does not mean that we have to have acreage controls but can have if necessary. Being a basic, price supports are mandatory.

Our office facilities in Hudson, Iowa, are most inadequate and located far from the heart of the greater soybean production area, and far from many of the directors of the board. Because of the long miles of travel and the expense involved seldom does a director visit the office, in fact some have never seen it.

My fourth recommendation is that the headquarters of the American Soybean Association be moved to a more accessible location in the heart of the soybean industry where adequate facilities can be had. I leave these recommendations in your hands and trust that you will give them consideration.

It has been a very great pleasure to serve as an officer in this Association and for the help that has been given me, to all of you I wish to express my deepest appreciation.—Carle G. Simcox, president, American Soybean Association.



Report of the Executive Vice President
and Secretary-Treasurer . . . Geo. M. Strayer

Our Industry Can Go as Far as Our Vision Permits

ONE YEAR ago as I reported to you at our convention in St. Louis we had the largest carryover of soybeans in history staring us in the face, but a crop that was smaller in bushelage than during the previous year. Today we are not concerned with the problem of carryover, for the quantity of soybeans remaining on hand on Sept. 30 of this year will be relatively small and inconsequential. In addition, crop forecasts indicate a crop about the same size or perhaps even smaller than a year ago, for the 1960 crop is late and in poor condition.

During this crop year we have enjoyed the largest export market on soybeans in the history of our industry—it now appears we will exceed the 130-million-bushel mark—20 million bushels more than a year ago. And the exports of oil and meal have also been sizable—the largest exports of meal in our history, and total exports of vegetable oils which are the highest in history, including a higher proportion sold for dollars. Total soybean oil movement has not been as high as hoped by some, for more cottonseed oil has gone into export channels.

Total exports of soybeans this year will reach almost 25% of our total crop. In addition we will have exported almost 25% of the oil produced from that portion of the crop processed in the United States so that in terms of oil we will have exported almost 45% of our total crop. This, is my estimation, is an amazing record for a crop which had no export markets only 12 years ago!

The U. S. soybean has truly become an international commodity! As I spoke to the International Association of Seed Crushers at their annual conference in London just a month ago I became fully aware, after talking with a large number of people from a large number of places over the world, that we have a commodity that is very much in the limelight, and which has a great

future ahead of it—if we capitalize on that future and do the work necessary to make those markets ours.

For 4 years now the American Soybean Association has been conducting a market development project on soybeans in Japan. During that period of time we have seen the purchases of soybeans from the United States rise to double the previous high marks. On July 1, 1960 we signed a contract with Foreign Agricultural Service continuing that program for two more years or until July 1, 1962. Our close cooperation with the Japanese trade groups in the operation of the Japanese American Soybean Institute has been in a great measure responsible for this increase. It has also been at least partially responsible for the decision by the Japanese government that soybeans will be placed on the Automatic Allocation system of imports as of Oct. 1, 1960. As Mr. Hayashi has pointed out in his report, we anticipate that when this system is placed in operation the imports of U. S. soybeans into Japan will take another spurt, increasing by perhaps as much as 50% above present levels.

During the past year the kitchen car project in Japan, which has been operated jointly with Western Wheat Associates, Inc., the successor to the Oregon Wheat League, has been renewed for another year, and it is now scheduled to be discontinued as of Dec. 31, 1960. Disposal of the buses being used in the project is still to be decided—we are hopeful that some of them may be made available to us for operation by our cooperators in Japan. The JASI is still under the very capable leadership of Mr. S. Hayashi, who was our first employee in Japan, and we feel it has made remarkable progress in a number of fields. As a result of our JASI work the products made from soybeans are being really promoted through public relations and advertising campaigns now in Japan, and markets are being expanded far beyond previous levels because of it.

In late September we will have with us in the United States a team of eight representatives of the Japan Shoyu Association. We have planned an itinerary for them that will take them through the production, harvesting, marketing and processing phases of our industry so they will be thoroughly acquainted with U. S. soybeans when they return to their companies in Japan. They are coming under the auspices of JASI.

Those of you who read the Soybean Digest regularly are familiar with some of the problems of quality on soybeans we have encountered in Japan. Some of those problems have now been solved. Certainly our normal shipments are far more acceptable than was true in past years. During the current year the Japanese Ministry of Welfare issued a ruling which established a maximum tolerance level on morning glory or bindweed seeds in soybeans imported into Japan. Last fall a few shipments were condemned, recleaning was required, and other expense was involved. The tolerance level was placed at a very unrealistic figure, and Japanese authorities have recently apparently recognized this and relaxed enforcement of their ruling. At the same time, shipments going to Japan have been cleaner and the problem has not been as acute.

This brings into focus the same problem that we have faced for a period of years, and which I have called to your attention on several previous occasions. Soybeans are now bought and sold on grades that were first promulgated for cereal grains, and which give no recognition to the oil and protein content of the soybean crop. Portions of broken soybeans are still classified as foreign material, and the continued handling of the same lot of





N. Hunt Moore, Memphis; E. M. James, technical consultant for the Soybean Council; James Kelly, president Aeroglise Corp., Raleigh.



Agronomists Donald G. Hanway, University of Nebraska, and E. L. Maden, Kansas State College; and Hazen English of USDA's grain grading branch.

soybeans with the same grade designation is almost an impossibility without recleaning. We must give proper recognition to the factors that establish the value of a bushel of soybeans, and we must develop grades or standards that will reflect values more accurately than today's federal grades. This is one of our major problems and it must be solved. Until we develop realistic soybean grades that reflect the true values of the major ingredients of our crop we will not have a satisfactory basis of buying and selling.

The very close working relationship between the American Soybean Association and the Soybean Council of America has been continued, as was reported a year ago. As the industrywide organization which was largely the result of activities by the American Soybean Association and members of the board of directors of this Association it is logical that the two organizations should work closely together, for their objective is the same—the promotion of markets for U. S. soybeans and soybean products. The Council activities have been enlarged in area and in scope through the signing of the world agreement, which Howard Roach reported to you yesterday. The close working relationship must continue in order to make maximum use of the manpower and the facilities and the funds that are available to us.

During the current fiscal year we have shown a net gain of nearly 500 memberships in the Association. The gain has come in those states where soybean production is gaining most rapidly, in terms of percentage, most notably Arkansas. As has been the case during the recent years the state with by far the largest production of soybeans is the one where we have great difficulty in even holding our membership constant. Illinois and Indiana show net losses

in membership this year, while Minnesota, Iowa, Missouri and Arkansas show nice net gains. We have developed some direct mail techniques which we feel will bring greater results during this next year, and it is my belief that we will have some really outstanding results to report to you a year from now.

Almost since the inception of the Soybean Digest we have employed as our advertising representative Mr. R. E. Hutchison of Chicago. Through the years he has become known to our advertisers and prospective advertisers as Mr. Soybean Digest, and he has commanded great respect and admiration from the many people with whom he has worked. During the period of years in which he has represented us Mr. Hutchison has had many helpers, but none of them commanded the respect nor achieved the results as did Mr. Hutchison.

On Aug. 1 of this year Mr. Hutchison found it necessary to retire from active advertising solicitation. Last December he notified me of this, and during the intervening months I interviewed many men from different companies who were interested in handling our account. We have selected a Mr. Arthur Hutchison of Chicago—who, incidentally, is no relationship to R. E. Hutchison even though he does spell his name the same way—to represent us in the Midwest territory. Art Hutchison is here at the convention, and I hope that you will get acquainted with him while you are here. We have not, as yet, been able to make satisfactory arrangements in the Eastern territory, but we are working on contacts there now.

I do want to take this opportunity to publicly extend to R. E. Hutchison a most sincere vote of thanks for the manner which he has conducted himself during the 18 years he has represented the Soybean Digest and

the Soybean Blue Book. He has been advisor, counselor and confidant on advertising matters, and he has gone far beyond the necessities of business relationships all through that period of time. His wisdom and his counsel are going to be missed by us and by our advertisers. We want him to know that as he enjoys retirement those of us who have worked with him through the years will be thinking of him in terms of the contributions he has made to our progress.

As we proceed with our advertising sales during coming months we are hopeful that we can show the type of increase our industry now merits. Certainly there is a potential which is far above our present advertising level, but the Soybean Digest covers such a divergence of readers that we face problems in this area. We must show an increase in both advertising and in circulation if the Soybean Digest is to pay its own way.

During recent months we lost one of our board members in an automobile accident. Wm. M. Wallace of Woodslee, Ontario, Canada, who was selected by the Canadian growers to represent them on our board of directors was killed when his car stalled on a railroad crossing and was hit by a train. "Bill" had been with us on the board of directors only a year, but we had learned to know and respect him for his serious consideration of the problems of Ontario and Canadian agriculture.

This Association, and every grower of soybeans in the United States, owes a debt of gratitude to the 17 men who serve on your board of directors. They serve without pay, take their time from their farming and business interests to attend board meetings and committee meetings, they go down to Washington to represent you in conferences and meetings and to testify before con-

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Oilseeds Division, Minneapolis 26, Minn.**



OILSEEDS DIVISION

Minneapolis 26, Minnesota

gressional committees, and in most cases they receive little thanks for their efforts. These men have served you well, and they deserve your thanks.

Your Association and every grower of soybeans also owes a big debt of gratitude to the nine men who represent the American Soybean Association on the board of directors of the Soybean Council of America. Again serving without pay, and taking their own time away from their own business enterprises, these men have served you well in board meetings, committee meetings and negotiations with other groups. Without these men who are willing to donate their valuable time to a cause in which they sincerely believe there would be no Soybean Council today.

To members of the staff in the Hudson office I want to extend my personal thanks for their cooperation and their devotion to your interests. Through the years we have developed a staff which in turn has developed the techniques of carrying on your business with a minimum of expense and effort. In the editing, in the membership solicitation and in the business affairs we continue to make progress due to the efforts of your employees. They merit your thanks.

Many people have contributed to the progress of your organization during the past year. I cannot begin to name all of them here, but to all concerned I want to say that it has been a pleasure to serve you as your executive officer, and I hope I may continue to have that pleasure

through a period of years. We have a great future ahead of the soybean industry of the United States if we are intelligent enough to capitalize on it. I hope we have the capabilities to turn opportunity into actuality for we still have the two commodities most scarce in the world food economy—oil and protein. Our Association and our industry can go as far as our vision, our foresight and our willingness to tackle the problems at hand will permit. Opportunity lies before us. We must take advantage of it.—*Geo. M. Strayer, executive vice president and secretary-treasurer.*

THE COVER PICTURE

Exhibitors and visitors at the convention booths (all read left to right):

1—Hot Spot Detector, Inc.: Ken Fairburn, Hot Spot; Nelson Cornelius, Merrill Lynch, Pierce, Fenner & Smith; Bill Jones, Hot Spot.

2—Langston Bag Co.: Jo Miller and David Parsons, son of R. G. Parsons, Columbian Steel Tank Co.

3—Soybean Council of America.

4—Signal Oil & Gas Co.: Howard L. Roach, Soybean Council president; Everett Riddle, Don Bezold, and J. Frank Taylor, all of Signal Gas.

5—Aeroglide Corp.: E. S. Beraas and Joe Givens, Tri-County Co-op Soybean Association, Dawson, Minn.; Jim Kelly, president, Aeroglide.

6—Columbian Steel Tank Co.: R. G. Parsons, Columbian; Fred Vinsett, Coop. Processing Association, Van Buren, Ark.

7—Seedburo Equipment Co.: Rex Yocum, Seedburo; A. J. Jefferson, Allied Mills; Ed Purvis, Baldwin Oil Mills, Foley, Ala.

8—Shanzer Manufacturing Co. and Dobney-Hoover Supply Co.: L. Joy Allen, Shanzer; Lehman A. Keith, Hermitage Feed Mills; Jim McCannless, McCannless & Co.

9—Hubert Phelps Machinery Co.: N. Hunt Moore, N. Hunt Moore & Associates; Ivo Phelps, Jr., Phelps; Uriel Shelon, Oilseeds Crushing Pool, Haifa, Israel.

10—California Spray-Chemical Co.: Howard L. Roach; Hiroshi Nakamura, University of Illinois; Hiromasa Tago, Mitsui & Co., Chicago.

11—A. T. Ferrell & Co.: Bill Wallace, Wallace Process Equipment Service; Meyer Turner, Webb, Miss.; Floyd J. Sovey, Ferrell.

12—Urbana Laboratories: Arun Chhabra, the Soybean Digest; L. E. Manning, Urbana Labs.

13—Myers-Sherman Co.: John Butterfield, Pana, Ill.; Loyall Barr, Myers-Sherman.

14—Merrill Lynch, Pierce, Fenner & Smith, Inc.: Betty Sloan.

15—Naugetuck Chemical Division U.S. Rubber Co.: E. D. Heddens, North Iowa Co-operative Processing Association; Sharon McIntyre, Naugetuck.

16—Crippen Manufacturing Co.: E. E. Hurst, Checkerboard Grain Co.; Vergil Frevert, Crippen.

17—French Oil Mill Machinery Co.: Dean Bredeson, French; D. H. McVey, USDA; Gene Mason, French.

18—V. D. Anderson Co.: D. W. Crane, Anderson; Ed Purvis.

19—Burrows Equipment Co.: A. J. Loutch, Missouri Farmers Association; E. D. Heddens, North Iowa Co-operative Processing Association; John Wascoat, Burrows.

20—Davenport Machine & Foundry Co.: Harry I. Carlson, Davenport; Joe Givens.

21—The Soybean Digest: Art Hutchison, Digest advertising representative.

22—Albert Dickinson Co.: Javier de Salas, Soybean Council; Prof. Varela, University of Granada, Spain.

23—Simon-Carter Co.: E. C. Anderson, Simon-Carter; Fritz Schless, Buhler Mill Engineering Co.

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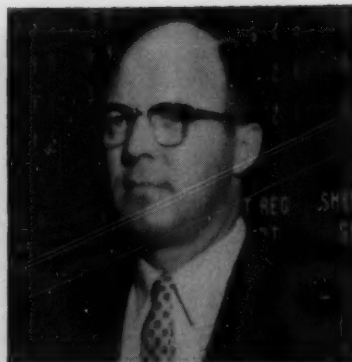
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The Benefits to Producers of Hedging Through Futures

By **CONRAD LESLIE**

Commodity Market Analyst,
Francis I. duPont & Co.



THE TOTAL money value involved in all commodity trading on all futures markets in the United States during the fiscal or 12-month crop year of 1957-58 was \$38 billion. It is interesting to note that the total value of all stocks traded on the New York Stock Exchange for the calendar year 1957 was \$27½ billion, or \$10½ billion less.

In spite of this, all too often the average citizen's impression of those who trade in commodity futures is that they are gamblers. The public seldom recognizes corporations such as General Mills, Procter & Gamble, General Foods, Quaker Oats, Ralston Purina and others whose securities are generally viewed as being of excellent quality for investment purposes, as traders in commodity futures. The average American has yet to realize that without futures markets available for hedging purposes he would probably have to pay a higher price for such basic food items as bread, margarine, shortening, breakfast cereals, pastries, eggs, poultry, beef and pork.

Without the insurance against inventory price fluctuations offered by hedging in futures, all companies which handle, store or process farm commodities would be forced to increase the prices of the items they merchandise, or reduce the prices they pay for commodities by an amount sufficient to cover any inventory losses which might occur during the period of ownership.

Commodity exchanges perform their functions each day so efficiently and smoothly that, unfortunately, they usually come to the attention of the general public only during those few times in which

they are investigated by a congressional committee as a result of consumer complaints following a period of sharp price rise, or the result of producer complaints following a period of sharp price decline. Actually, because there is no limit to the quantity than can be traded on an exchange, and also because auction markets are very sensitive and begin to discount and reflect changes in fundamentals as they start to develop, their existence tempers price movements rather than aggravates them.

Imagine what would happen to prices if only a few interests cornered the cash soybean market late in a year of shortage, and buyers did not have a futures market available in which they could protect their needs. By the same token, imagine how distressed prices could become if all cash buyers were filled up during a period of unusual price decline and a few business failures forced additional liquidation with no futures markets available for hedging. What chaos would develop at harvest time in a year of a 650-million-bushel bean crop or a 475-million-bushel crop without a futures market! Unfortunately, because of a lack of understanding, many are inclined to think that traders in futures are gamblers.

Producers Speculate

Commodities are necessary for the survival of society. Therefore, those who produce commodities and thereby speculate on the price which will be received when they can be marketed, as well as those who take over ownership after the commodity has been marketed and speculate by this ownership until it is consumed, both serve you and me and all of society through their assumption of economic risks.

This is in distinct contrast from

gambling where the toss of a coin or the deal of a deck of cards is not a requirement for the survival of society and where the outcome is purely the result of chance. Those who create risks in such fashions and at whatever time they desire are gamblers. Again, gamblers are not essential and do not benefit society while speculators (or owners of property) are essential and do serve society.

Our country was originally founded by speculators who were more generally recognized as Pilgrims. Columbus was a speculator. All of our great Americans—George Washington, Thomas Jefferson, Abraham Lincoln, and Thomas Edison—were speculators. Those of us who decided last spring between the planting of corn or of oats or of soybeans were speculators. Those of us who hold government bonds or place money in savings accounts are speculating on the purchasing power of the dollars we will receive when these are liquidated. Students speculate when they choose their life's work. Bankers speculate on the ability of their borrowers to pay off loans. Since all of us are planning and speculating on the length of time we will live, are not all of us speculators?

Fellow speculators, let us proceed together and mutually determine the benefits available to us through the use of the futures markets.

First, we should recognize that commodity futures exchanges are little more than modern versions of the oldest form of trade between people, the village market place. Commodity exchanges are merely roofs under which the buyers and sellers of futures contracts meet and conduct their business. Commodity exchanges do not take positions in either the cash or futures markets nor do they determine prices. For the benefit of both buyers and sell-



ers, in order to establish uniformity of procedures as well as financial responsibility, the membership bodies do determine and publish rules and regulations relative to the manner in which business is to be conducted on each exchange. If you are financially responsible and of good moral character, you may become a member of the Chicago Board of Trade today at a cost of about \$5,000.

In addition to offering physical facilities for the conduct of cash and futures business, each exchange maintains a clearing department to record the futures transactions of the members. This department also makes certain that the positions of all the members are fully covered with an adequate cash margin deposit irrespective of whether the positions are held by the members or by the members for their clients.

All transactions which take place on an exchange must be open and be made by public outcry and by free competitive auction-type buying and selling. As purchases and sales take place, prices are recorded and clearly posted for each buyer and seller to see. In addition, all year long this price information is quickly distributed throughout the country and the world in order that we may all use it as a guide for our own decisions, whether we be a producer or a processor or a consumer. Commodity exchanges also collect and compile and distribute reliable statistical information relative to the commodities traded.

After understanding the functions of an exchange, we should next be thoroughly familiar with the futures contract. A futures contract is an agreement effected on an organized exchange for the purchase or sale of a definite amount of an actual commodity, to be delivered (generally done through the transfer of a warehouse receipt) only during a specified period in the future.

The membership of an exchange determines in which months futures contracts will be traded. Usually those months selected are important periods of time relative to the commodity being traded. On the Board of Trade, December is chosen because it is the month when Lake navigation closes. July is traded because it is an important harvest-month, etc.

The price level at which futures trade is determined by the actions of the buyers and sellers. There is no such thing as a perfect vacuum because outside influences and market opinions are constantly at

work, but if there were such a thing as a perfect vacuum, then a futures price would represent the current cash price of grain stored in a local Chicago elevator plus storage charges, insurance and interest charges to the delivery month. If cash soybeans on Oct. 1 sell in store at a Chicago elevator at \$2.10 then in theory, since there are 3 months to Jan. 1, if the cost of storage, etc., is $1\frac{1}{2}\epsilon$ per month, then January soybean futures (with no other influences acting on the price) should be trading on the floor of the Board of Trade at $214\frac{1}{2}\epsilon$, 210ϵ plus $4\frac{1}{2}\epsilon$. Using the same basis of $1\frac{1}{2}\epsilon$ per month, by adding charges for 2 more months we find that March beans should be selling at $217\frac{1}{2}\epsilon$.

Characteristics

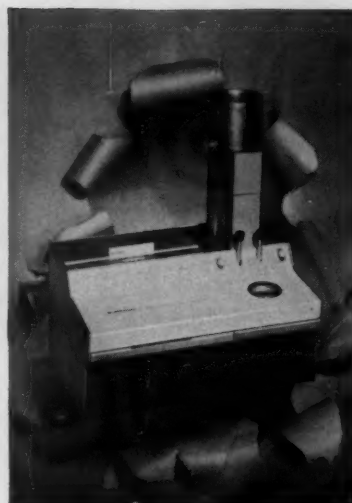
The main characteristics of a grain futures contract on the Chicago Board of Trade are:

1—The unit of trading is 5,000 bushels. (Every 1ϵ price move, therefore, equals \$50.) Job lots of 1,000 bushels are also traded but in a much smaller volume.

2—Delivery to satisfy the contracts may only be made during the final month of trading in any particular contract.

3—The seller, only, has the privilege of selecting the time during the final month, the location in a Chicago licensed warehouse from which he will issue his warehouse receipt, and the grade which he will deliver. It is well to note that the great bulk of the positions in futures contracts are settled or liquidated by offsetting purchases or sales, usually before the month for delivery arrives. In other words, if you were long a contract of March soybeans, unless you wanted to physically acquire possession of soybeans in Chicago you would probably sell out your contract before the first possible delivery day of March. If you were short March, you would probably buy back an offsetting contract before you were required to deliver soybeans, at some time during the month of March, against your original sale.

4—Futures contracts may remain open for months. Also, each broker or trader is obligated to transact his business with the first party accepting his terms. These facts require that both buyer and the seller should have the right to protect himself against the other's failure. Through the use of cash margins, usually



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amounting to about 10% of the total price, another important element of dependability is added to the contract.

After we understand the general characteristics of a futures contract, since there are two methods by which producers generally utilize futures, we must be certain that we understand what is involved in a short sale. A short sale is the act of selling a futures contract at a price, following which at a later time and price the seller buys another futures contract thereby offsetting the first sale.

On Aug. 20 you sold a November soybean contract at a price of \$2.25, thereby establishing a short position in the market. If the market acted as expected and you bought a November contract on Oct. 1 at \$2.15, thereby offsetting your original sale of \$2.25, you have initiated and completed a short sale and made a profit of 10¢, or on a 5,000-bushel contract, a profit of \$500. On the other hand, if the price did not do as you anticipated and you covered your position on Oct. 1, at \$2.30, you have initiated and completed a short sale but at a loss of 5¢ or \$250 per contract.

How Producers Apply

Now that we have discussed the role of the exchange, the futures contract, and the nature of a short sale, let us examine how producers of soybeans apply all these facts to their operations. As we have mentioned previously, the customary harvesting patterns for grains and soybeans are such that a year's production becomes available to be stored or marketed during a 5-to-8-week period each season. This usually results in pressure on the price structure (as long as the production outlook remains favorable) some 4 to 6 weeks prior to the start of harvesting. It also means that after the harvest has been stored, prices normally begin to firm in keeping with the disappearance and consumption of those supplies available in free market channels, depending of course on the relationship of the price to the loan. It is these two seasonal price patterns, pressure as harvesting approaches and firmness after harvesting has been completed, towards which producers should direct their major attention.

On Aug. 1 the November soybean contract sold at \$2.19¼ or 14¼¢ over the Chicago loan price of \$2.05. Tom

Jones notes that whereas his fields usually yield 10,000 bushels, on that particular date his fields look exceptionally good and with normal August weather he may produce 12,500 bushels. He also notes that it has just rained throughout the Cornbelt and that the outlook is favorable in nearly all of the other major states. Tom Jones decides he would like to sell the big portion of his production at 14¢ over the loan. He therefore phones his broker and hedges 10,000 bushels of soybeans, by selling two November contracts, at \$2.19. The crop continues to improve, weather is ideal, and the August crop estimate of 555 million bushels is raised until on the first of October a crop of 580 million bushels is indicated. On Oct. 15, when Tom Jones harvests his soybeans, he buys in his futures at \$2 or 5¢ under the loan basis Chicago and thereby grosses 19¢ on his short sale, or \$1,900 on his two contracts. In addition, he stores his beans on his farm, takes out a loan of \$1.90 and then sells his soybeans later in the cash market at \$1.90, when the cash basis firms in its usual post-harvest pattern. The net result of his utilization of the futures market was an added profit of \$1,900.

Let us examine what would happen if prices increased instead of declined after he sold 10,000 bushels (two contracts) of November soybeans on Aug. 1 at \$2.19. Let's assume that during the period of the next 10 days very little happened,

but at the end of that time reports began to be heard that high temperatures were causing the crop to go back in Missouri. Prices start to rise and Tom decides that the price action is indicating that he may get a better price than 14¢ over the loan. When November sells at \$2.25, he covers his short futures position and thus, by lifting his short hedge, re-establishes a long position in the market (which is in the form of unharvested soybeans). His action results in a loss of 6¢ or \$600 on his hedge, but assuming cash beans have also increased 6¢, which offsets his hedging loss, at that point he has still netted 14¢ over the loan or the price which he initially felt was a satisfactory return.

Crop conditions continue to decline. Tom's crop also begins to go back and he now believes that his production will be 7,500 bushels instead of 12,500. The Galvin estimate on Sept. 5, as well as Ward Calland's estimate, both indicate a crop of only 525 million bushels. Tom buys one contract of March soybean futures at \$2.35 and retains this, along with the 7,500 bushels of soybeans he harvested, until late in the winter when he liquidates the futures for \$2.65 and his cash beans for \$2.38. Tom's purchase of one contract of soybeans and then the sale at a price 30¢ higher brought to him that season an added profit of \$1,500.

How can the use of the futures markets serve you, a producer of soybeans?

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1—It enables you to hedge your crop at pre-harvest prices, if you so desire, at a time and price and in a quantity known only to yourself and your broker.

2—It enables you to increase your ownership, if you so desire, without taking possession of soybeans in the cash market.

3—It offers you a ready market in which to quickly liquidate your positions irrespective of local conditions.

4—It offers you the opportunity to establish market positions through

the use of only a moderate amount of capital.

The main benefit to a producer in hedging through futures might be summed up by stating that it tremendously increases his flexibility of action and therefore his potential profit. The utilization of futures does require him to use his personal judgment just as much and perhaps more so than he would if he handled only his cash soybeans. This is because he is required to evaluate what might be called the U. S. price for soybeans as well as his local

price. The danger to a producer in utilizing futures is that once he has begun to use futures, he may trade every season instead of only in those when it appears reasonably clear that a normal seasonal price pattern is probable.

There is also the danger that after several successful attempts at trading, he may decide to try speculating on a short-term basis (and on a larger scale) in competition with local professional traders who are watching news developments every minute of the day, all day long.

In conclusion, the successful producers who usually come to mind when one talks of futures markets are those who only trade two or three times a year in wheat, two or three times a year in soybeans and perhaps two or three times a year in corn, and then only during those seasons when it appears quite probable that normal seasonal price patterns are likely to prevail. Those of you who are interested in additional information concerning the utilization of futures markets need only to contact your nearest brokerage house. Their commodity specialists will be pleased to counsel you.

It has been a pleasure to address you members of the American Soybean Association, a trade group that has always championed and worked for a democratic and free agricultural system as opposed to a socialistic or communistic system.

Gentlemen, all of us who have an interest in the American soybean industry, those of you who produce soybeans, those who store and market and transport, those who serve as brokers and those who operate one of the most efficient businesses in the United States, that of crushing soybeans, all of us working together have made it possible for every American, because of low priced soybean meal, to enjoy in almost an unlimited quantity one of the world's finest taste delicacies, delicious and tender chicken, and to eat it at a lower cost than any other comparable meat product. What a tremendous contribution we could all make to the peace of the world if we were now to proceed together on a great crusade to put a chicken in the cooking pot of every family in Europe, every family in Africa, every family in Asia, and every family in Central and South America. What a tremendous and almost limitless demand such a crusade would create for American soybeans and soybean meal.

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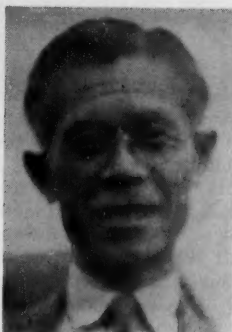
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The Japanese American Soybean Institute—I

We can supply the Japanese market with another 26 million bushels of soybeans if we seriously desire it

By SHIZUKA HAYASHI

Managing Director, Japanese American Soybean Institute, Tokyo.

Paper read by Hiroshi Nakamura

I AM PLEASED to be given an opportunity to make a report at this convention on the work that the Japanese American Soybean Institute has carried out. I feel sad not being able to be present at this convention, but am satisfying myself by picturing your familiar and smiling faces in my mind as I dictate this report.

Since the establishment of the Japanese American Soybean Institute in April 1956 the aim of our work has been directed to two major phases.

First, research on the technical and commercial problems based on complaints and comments made by the users of soybeans including processors, manufacturers of soybean food products, as well as importers, that the quality of U. S. soybeans was inferior to domestic and other imported soybeans.

Secondly, actual promotion of the sales of soybean food products through encouraging increased consumption.

To speak more precisely, our first year of operation was concentrated in the studies and investigations of the soybean manufacturing and consuming situation which underwent great changes after the war. Before the war the soybean requirements of Japan were taken care of mostly by soybeans from Manchuria and China. Soybean oil and low-quality soybean meal were imported into Japan from Manchuria for use mostly as fertilizer, and whole soybeans for shoyu and miso making as well as for crushing. Those days have passed.

The Japanese soybean industry has stepped into a new era since the war. The

crushing industry has been shifted from Manchuria to Japan and it has developed quickly to the present important and prosperous stage. With expanded crushing capacity, the need for soybeans has increased and the major part of the requirements has been supplied by soybeans imported from the United States, with only a limited quantity from China.

Severe Criticism

It was at this stage that U. S. soybeans were subject to severe criticism of soybean users in Japan. Soybeans in the factories of Japanese users consisted of U. S. soybeans, Chinese soybeans, and domestic soybeans. These three types were actually displayed before consumers. The inferior quality and appearance of U. S. soybeans at that time naturally did make a bad impression on Japanese consumers. "U. S. soybeans are not suitable, especially for food purposes" was the impression then and this impression has been deeply implanted in the memory of consumers.

The initial effort of the Japanese American Soybean Institute was therefore to wipe out this bad impression. Continuous education and publicity have been carried out. They are still necessary.

The break in trade between Japan and China since 1957 has given a chance for U. S. soybeans to overcome these problems. Technical research has been made. In a commercial way it has become possible to supply Japanese food manufacturers with a quality of beans suitable for food manufacturing. A number of special soybean varieties, after a long period of experiments with sample shipments, have become known as being suitable for food processors of miso, tofu, etc. This type of business will gradually in-

crease and it may not be long before the major part of requirements for food purposes will be supplied by these varieties. Naturally this will solve the quality problem.

Since the second year of our establishment the work of the Japanese American Soybean Institute has been devoted to educational and promotional activities which have been carried out through various channels.

The programs we have with the Ministry of Agriculture and Forestry and the Ministry of Welfare are reaching all segments of the consuming public throughout Japan. The networks of the home extension workers stationed in different prefectures all over Japan and also of 792 health centers are being utilized to the fullest extent. The former reaches mostly rural housewives and the latter largely urban housewives.

Promotional programs which we have jointly with the various soybean groups, designed to increase consumption of soybean products, have proved to be very effective. The knowledge of nutritional values of soybeans is given to the general public through pamphlets, periodicals and films on every possible occasion.

All of these activities combined have given reason to believe that the interest in soybeans and soybean products has been greatly enhanced with an increase in consumption which can be observed statistically.

Next on the consumption and import of soybeans. Consumption of various soy foods has shown substantial increase and so has the total amount of imports of soybeans into



Hiroshi Nakamura

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CONSUMPTION OF SOYBEANS AND OILS IN JAPAN (metric tons)

	Tofu and frozen tofu	Misc.	Shoyu	Oil mills	Per capita daily (gram)
1955-56		167,125	248,362	504,778	7.52
1956-57	319,185	199,159	253,654	547,267	8.21
1957-58	328,058	199,628	254,556	690,654	8.66
1958-59	343,011	194,817	255,907	768,870	9.31
1959-60	370,000	186,400	269,615		9.98
1960-61		217,414	272,267		10.80

IMPORT OF SOYBEANS (Metric Tons)

	Total	USA
1955-56	767,099	571,612
1956-57	667,321	480,330
1957-58	845,748	640,178
1958-59	950,600	866,443
1959-60	1,073,477	1,010,444

Japan. The share of U. S. soybeans also shows a substantial increase. Briefly, import of soybeans into Japan was 667,000 metric tons or 24.5 million bushels in 1956, and with a steady increase since, it has reached 1,073,000 metric tons or 38.6 million bushels in 1959. The United States' share was 480,000 tons or 17.6 million bushels in 1956 and has increased to 1,010,000 metric tons or 37 million bushels in 1959. Detailed figures are (see above).

Soybeans have now become the largest item volumewise of all U. S. agricultural products imported into Japan. They top cotton which had been the greatest. Again, of all imports from the United States, soybeans are the second largest, the first being scrap iron. This indicates that the market development program for U. S. soybeans in Japan has not been unsuccessful, and further it should not be overlooked that this expansion of the soybean industry in Japan has been made even under the controlled system of imports. The future when import restrictions on soy-

beans are lifted can readily be judged.

Our various promotional activities carried on during the past few years have so much stimulated various soybean groups that the efforts and money invested by them for their own P. R. programs have increased by leaps and bounds. The letters P. R. are the abbreviation for Public Relations. Four years ago the expression P. R. was known by very few people. Now perhaps everybody in Japan knows what P. R. means. The soybean groups in the past paid very little attention to promotional work nor did they invest money in amounts worth mentioning for P. R. An example can be mentioned of the Miso Association which 3 years ago had no budget at all for P. R. activities while in the 1960 fiscal year it has approximately 32 million yen or about \$90,000 in its budget for this purpose. The same can be said of shoyu, tofu and other groups. It should be mentioned that the Shoyu Association has decided to send a team of seven top executives of the leading shoyu makers to the United States in October 1960 to study the soybean industry. They are doing this at their own expense but with the cooperation of American Soybean Association.

The total investment by Foreign Agricultural Service for the past 4 years was \$425,000 and contribution by the Japanese groups was about \$257,000 in cash and services combined.

Now about the future outlook. How many bushels of soybeans will Japan import in 1962?

Analyzing various factors, the import of soybeans into Japan from the United States in 1962 can be expected to increase at least by 500,000 metric tons or 19.3 million bushels. In addition to this, approximately 200,000 metric tons or about 7 million bushels of soybeans will be required to produce soy flour for new usages.

This will mean a total import of about 1.7 million tons or 62,390,000 bushels. The basis of my prediction is this:

1—An additional quantity of 370,000 metric tons or 13.6 million bushels will be required to supply the quantity of vegetable oils expected

to be needed by 1962. This is on the basis of increased national income and population.

2—A further additional quantity of 358,000 metric tons or 13 million bushels of soybeans will be required if soybean oil is substituted for oil from miscellaneous imported oilseeds. The Japanese government estimates the consumption of various edible oils at 396,000 metric tons of crude oil. This quantity is supplied by domestic oilseeds, imported beef tallow, hog grease and other fats, soybean oil from imported soybeans, and oils from imported miscellaneous oilseeds. The portion supplied by these miscellaneous oilseeds amounts to 76,000 metric tons, which can be replaced by soybean oil. Because of high soybean oil prices in Japan there have been opportunities for various miscellaneous oilseeds to be imported at lower prices to fill the demand for edible oil. I believe the price of soybean oil can well be reduced to compete with and substitute for these miscellaneous oils when the import of soybeans from the United States becomes free in the near future.

The quantity of soybean meal produced from the increased import of soybeans can be absorbed by the amount of meal required for animal feed and the soy flour needed to be blended with wheat flour in bread and other baked goods. Our government estimates the import of 200,000 metric tons of soybeans for animal feed in 1960. The total feed requirement in 1960 is estimated at 2 million metric tons. An increase of 15% soybean meal will be necessary which in terms of soybeans means approximately 15 million bushels of soybeans.

Most of the total supply of 76,000 tons of oils and fats produced from imported miscellaneous oilseeds as listed in the 1960 edible oils and fats supply program can be replaced by soybean oil except for sesame seed oil, cottonseed oil, safflower seed oil and other oils used for salad oils and other specific uses.

JAPAN'S 1960 DEMAND-SUPPLY PROGRAM

	Tons
Total supply of edible oils (crude).....	396,000
Oils and fats from domestic oilseeds.....	159,000
Soybean oil (from imported soybeans).....	112,000
Oils and fats from imported miscellaneous oilseeds	76,000
Imported oils and fats (beef tallow, hog grease, palm oil, etc.).....	49,000

Of the 76,000 tons of oils and fats produced from imported miscellaneous oilseeds, 33,000 tons are used for the production of margarine and shortening, and the remaining 43,000 tons, except the quantity used for

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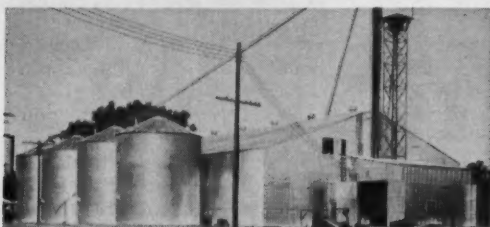
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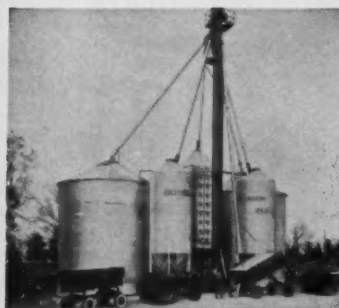
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TILDEN GRAIN CO., Tilden, Nebraska, added 24' x 24' Columbian BIG BINS to its Columbian rigid frame flat storage building, for extra capacity. Bins have 9,520 max. cap. each. Elevator leg from Columbian drive-through scale house permits fast spouting to building and tank batteries on both sides.



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salad oil and 6,500 tons of special sesame oil, are used mostly for the purpose of cutting the cost on soybean oil by utilizing the price differences. If 80% of such oils and fats is replaced by soybean oil, the soybean equivalent will be $76,000 \text{ tons} \times 80\% \div 17\% = 358,000 \text{ tons}$.

The average price of oils from various oilseeds has been approximately 15% lower than that of soybean oil. Therefore, if the soybean price is lowered from the present level by 10% to 15% there is good possibility of soybean oil replacing other oils and fats.

Possibility of cutting down cost of oil prices. There are at present 1,368 oil mills in Japan operating at 36.8% of capacity (1958 survey. In 1951 it was 12.6%.) This low percentage of operation is due to the fact that 1,210 oil mills comprising approximately 90% of the total oil mills in Japan are small factories with a daily processing capacity of less than 10 tons average which are producing oil mainly from domestic rapeseed at low efficiency. The biggest factor, however, is that soybeans, as the chief raw material for oil crushing, are imported under the foreign currency allocation system which limits imports.

If the import of soybeans becomes free under the Automatic Allocation system it is obvious that soybean oil production will be concentrated in the larger oil mills (61 crushers) occupying 85% of the nation's total daily extraction capacity of 8,289 tons. They will out-compete the smaller crushers and the cost of production of the larger mills will eventually come down.

Domestic production of 159,000 tons of oil consists of the following:

Rapeseed oil	65%
Fish and whale oil	25%
Hog grease	4%
Rice bran oil	6%

With little possibility of increasing production of domestic raw materials an increase in the production of oils from domestic materials cannot be expected.

Price of soybean oil can be reduced. Because of the restricted import of soybeans, crushers have been benefited and are making profits by virtue of the supported price on our domestic rapeseed. At one time there was even a margin of more than 10,000 yen a ton on imported soybeans. In anticipation of the return to the Automatic Allocation import system in the near future, crushers are preparing to meet free competition. Consequently, prices on both meal and oil have declined with a

further downward tendency. Eventually 10% to 15% cut in the present price level can be expected.

Soybean meal as mixed feed has a big potential market. Due to the government's policy to encourage livestock production and the dairy industry, the demand for feed is expanding remarkably. Production of concentrated feed has been recently increasing as follows (in metric tons):

1955.....	509,279
1956.....	737,427
1957.....	1,172,554
1958.....	1,310,098
1959.....	1,700,000 (approximate)
1960.....	2,000,000 (estimate)

The percentage of soybean meal used in mixed feeds has been around 4.5% because of the priority given to miso, shoyu and other food industries. However, the demand for feed is increasing especially since last year. The Livestock Bureau has been requesting an increase in the import of soybeans for feed. In spite of restricted foreign currency allocation the government gave allocation for soybeans for feeds in:

1958	69,000 tons
1959	107,000 tons
1960	200,000 tons

The manufacturers of livestock feeds are in favor of buying soybean meal at the present price, which is comparatively cheap.

If there is an increase of 15% of soybean meal, it means 300,000 tons based on 2 million tons of mixed feed. Three hundred thousand tons of meal correspond to 14.68 million bushels of soybeans.

Soy flour expected to increase. The total consumption of wheat flour in 1960 is set at 2.4 million metric tons. If 10% soy flour is added to this, approximately 250,000 metric tons or 9 million bushels of soybeans will be necessary. At the suggestion of JASI the Ministry of Agriculture has proposed a 3-year program involving a budget of \$300,000 to promote the use of soy flour for blending with wheat flour.

May I repeat that the potential increase of at least 700,000 metric tons or 26 million bushels of soybeans can be supplied by U. S. soybeans if you seriously desire this. You soybean growers have this opportunity.

Again I repeat, soybeans now top cotton and wheat and other agricultural commodities which Japan imports from the United States. If more funds for market development become available, first preference should be given to soybeans to meet the needs for more oil, for more soy flour in bread, and for soybean meal as animal feed.

SOYBEAN DIGEST



The Japanese American Soybean Institute—II

When Automatic Allocation goes into effect you will see the full impact of JASI's promotion work

By DAVID R. FARLOW

Assistant to the Executive Vice President,
American Soybean Association

IN 1956 THE American Soybean Association entered into an agreement with the Foreign Agricultural Service of the U. S. Department of Agriculture which made available to us P. L. 480 funds in the form of Japanese yen to do market development work for soybeans and soybean products in Japan. Early that year we formed the Japanese American Soybean Institute in Japan to be the operating arm of the American Soybean Association and to be the agency through which we would carry on our activities. This Institute is composed of the five leading soybean-user industry organizations in Japan, plus the American Soybean Association. Mr. Hayashi, from whom you have just heard through the courtesy of Mr. Nakamura, is employed as the managing director of the Institute and is responsible for implementing our market development and promotional programs. On June 7 we signed a new agreement with FAS extending this program for 2 more years.

During the period that we have been active in Japan our program has passed through several stages of development. At first we had to overcome the stigma that was in the minds of the Japanese soybean user that U. S. soybeans were inferior to Japanese and Chinese soybeans, and in many cases were not even usable. Through an intensive educational and research program we have been successful in destroying this misconception to the point that many Japanese soybean users today prefer U. S. soybeans, not only in the crushing industry but also in food manufacturing.

Our next main course of action was the education of the Japanese consumer concerning the nutritional advantages obtained by eating more soybeans and soybean products. Mr. Hayashi has told you some of the ways in which this was accom-

plished. We still are engaged in this endeavor and will continue to increase activities in this field as far as our budget will allow.

I think it is significant to note that the Japanese government has announced its intention to allow free imports on soybeans from the United States. Up to this time, all U. S. soybeans have been imported into Japan under a government-controlled allocation system. I'm sure that the stimulation of consumer demand for soybeans and soybean products has had its influence in bringing about this decision.

The restriction of trade between Japan and Red China has no doubt added to the huge increase of soybeans imported from the United States, but more important is the fact that we have conducted this program of promotion, research and education and have done it in cooperation with the Japanese government, the Japanese soybean industry and the Japanese consumers. In addition to doing what I believe to be a very good job of PR, as Mr. Hayashi refers to it, we have shown the Japanese soybean industry the value of this type of work. Before we began operation in Japan, the Japanese soybean industry was spending very little time or money on this type of promotion. Since we have been conducting our program they have greatly increased their activities along these lines, both through the Japanese American Soybean Institute and their own industry organizations. This alone is a significant accomplishment and will lead to the continuation of this promotional program after the eventual discontinuation of the American Soybean Association activities in Japan.

You heard Mr. Hayashi state that the present importation of U. S. soybeans could be increased by at least

26 million bushels. There is no question in my mind that this is not only a possibility but almost a certainty. The American Soybean Association, through the Japanese American Soybean Institute, is going to continue to be instrumental in influencing this increased demand.

We are going to make every effort to continue the programs that we now have in effect and to expand them as funds are increased to make this possible. But, in addition to this, we are continually seeking new and broader fields of activity in which to do more promotional work in order to increase the consumption of soybeans and soybean products in Japan, with the firm belief that this increased consumption will result in increased importation of soybeans produced in the United States.

Outlook for Soy Flour

One of the new fields of activities that I am talking about is soy flour. The protein intake of the Japanese people is quite low in comparison with the western countries and they realize the need to increase this intake. The small income of the Japanese people does not permit them to obtain this protein from meat or animal products, as these are much too high priced. The soybean is the logical source to fill this protein deficiency. One of the easiest and most economical methods of raising the protein intake of the average Japanese would be to incorporate up to 10% of soy flour into the wheat flour now being consumed in such products as bread, noodles and even confections.

The total consumption of wheat flour for the 1959-60 fiscal year has

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been set at 2.4 million metric tons by the Japanese government. Wheat flour is low in lysine, one of the 10 essential amino acids, but it can be fortified with soy flour which contains an adequate amount of lysine and the resulting blend will be a very satisfactory source of a complete protein and at a moderate cost. If 10% soy flour is blended with the wheat flour now being consumed it could mean a market for over 9 million more bushels of soybeans.

Another area of activity that we are entering into is that of soy milk. The tofu manufacturers in Japan, and there are about 60,000 of them, can readily manufacture soy milk along with tofu as the two operations are very compatible. Dr. H. W. Miller, whom many of you know, has long been a strong advocate of the utilization of soy milk to aid in the increased consumption of protein and fat by the Japanese people. It is not only very cheaply and easily produced but is also a very good source of protein and fat. K. S. Lo of the Hong Kong Soybean Co. showed me his plant last fall, and I saw huge amounts of soy milk being manufactured and bottled for the Hong Kong area alone. Pepsi Cola is bottled in the same plant and Mr. Lo informed

me that soy milk was outselling Pepsi Cola by about two to one in the Hong Kong area. I drank a bottle and I have to admit that much to my surprise it was delicious.

Nutrition investigators of the United Nations International Children's Emergency Fund (UNICEF) for the World Health Organization and for the Foreign Agricultural Organization have repeatedly called attention to the great need in overpopulated and underdeveloped countries for a food for weaning babies and for young children. Soy milk would fill such a need for Japan and should make a valuable addition to her food economy besides. Expanding the use of soy milk for feeding children in Japan where they cannot support a dairy industry would consume many millions of bushels of soybeans. It is estimated that 3 million bushels of soybeans with some added oil, minerals and vitamins to balance composition would supply enough milk to feed 1 million children 1 quart of vegetable milk per day for 1 year. This is a program that deserves serious consideration, not only to expand markets for U. S. soybeans, but also to aid the many starving children of the world. A product

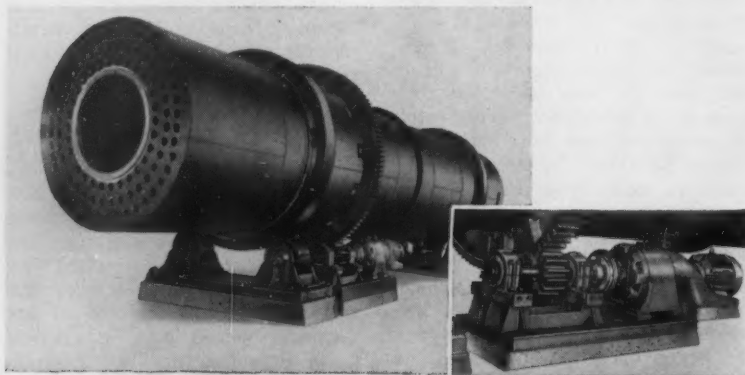
such as this, if developed successfully in Japan, would be useful in many other countries as well.

Soybean oil meal is beginning to find its place in Japan's livestock production. Even though livestock production is not a major factor today in Japan, it is increasing. As Japan's economy grows, so does her desire for more meat, and so does her ability to pay for it. Percentage-wise, there has been a terrific increase in dairy, poultry and meat animal production in Japan in the last 5 years and all estimates are that this will continue to keep pace with the growing economy. You heard Mr. Hayashi report that the increase in soybeans for feed would amount to about 15 million bushels during this next year. Here is an area of utilization of soybeans that up to now we haven't even touched.

Margarine Oils

Today, most of the oils used in the production of margarine in Japan are fish and whale oil. I might add that the margarine tastes like it too. As the Japanese eating habits are now becoming accustomed to bread and bakery products, there is an ever-increasing demand for a table spread. Butter in most cases, like meat, is much too expensive for the average Japanese wage earner. In that respect we are similar. However, margarine is faced with much the same battle in Japan as it had in this country. The first fight is to improve its flavor and this can be done with soybean oil—and the second is to erase the stigma that it is a cheap product and should not be used by any except those who are extremely poor. This can be done by educational and promotional activities conducted by the Japanese American Soybean Institute, in conjunction with the margarine manufacturers.

These are just some areas of activity that we are planning to develop during the next 2 years. There are many more, but time does not permit me to go into them. I do want to point out that the increase that we have enjoyed in U. S. soybeans exported to Japan has been accomplished under a controlled allocation system. When the Automatic Allocation system goes into effect, and the consumer alone decides the amount of soybeans and soybean products that are consumed, you will see the full effect that the promotion work that we have done has had.

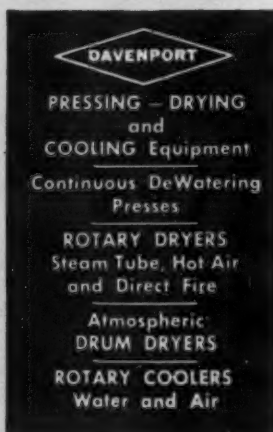


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The Margarine Outlook

It may take another million acres of soybeans
to produce the margarine needed by 1965

By SIERT F. RIEPMA
President, National Association of
Margarine Manufacturers



THE MARGARINE business is closely allied to the soybean oil producers who in turn rely on their soybean grower friends. We have worked together in successful programs in the past. We shall do so in the future.

I have been asked to talk to you about that future that concerns us jointly—the outlook for margarine. It is timely to do this.

Just 10 years ago the old federal taxes were removed. Much progress has been made since then. Any realistic evaluation of the margarine outlook will show that other problems remain to be solved. While their solutions will not involve as large-scale efforts as were required in the past, fresh coordination between our industries is in order.

During the 10 years since federal repeal, margarine consumption in the United States has grown faster than in any other country so that by 1957 we led the world. Per person use is 9.2 pounds a year. All of us well remember when it was a third of that.

Production has set new records almost every year. From 937 million pounds in 1950 it became more than 1,600 million last year and may well exceed 1,700 million pounds this year.

Increased use of soybean oil has been encouraged by the price premium of cottonseed over soybean oil. The growing interchangeability between the two oils in the manufacture of food fats has been accelerated by economic forces as well as by research on the part of refiners and manufacturers.

Production controls and price supports have been factors influencing

the decisions manufacturers have had to make each day concerning their choice of oils. A definite soybean oil trend has been established. It now embraces 85% of the total margarine fats and oils market, and to a large extent price was the governing factor. Top quality has been maintained.

Manufacturers have developed new margarines and new services for the margarine consumer. New high quality levels have been attained despite severe competitive and cost pressures. Refiners, working with manufacturers, have contributed greatly to these successful achievements.

All these efforts have been to your benefit as well as to that of consumers and manufacturers.

Farmers did not plant soybeans to help margarine. But having planted larger and larger crops, their share in the margarine industry is much greater now than it was 10 years ago; and margarine has not been limited to crops tied down by production controls or to foreign oils.

What About the Future?

Can this fine record be continued in the foreseeable future? Having gleaned all available information I will offer you one man's opinion.

Yes, margarine production will continue to increase.

Will it increase at the same high rate, averaging 7% per year, as it did between 1950 and 1959? Probably not, barring unusual events, because 10 years ago legislative actions were rapidly opening up large new market areas and butter shortages existed.

Will it increase at about the same rate as since 1955, or about 4% per year?

That seems entirely possible, though by no means certain, for the next 5 years. Favorable factors are:

expected population increases, a prospective gain in margarine's share of per capita consumption of total tablespread, and supplies of vegetable oils that should be adequate while butter likely will not be substantially different proportionally.

I would express it in terms of what seem, on the basis of available information, to be "high" or "low" production projections—not forecasts—for 5 years from now. Such a "high" rate would be 2 billion pounds of margarine in 1965. Assuming population increases and also improved margarine acceptance, this would represent a rise in per person consumption of about 1½ pounds—from 9.2 to 10.7. Thus, we arrive at 400 million more pounds than for 1959.

To win this significant expansion will require a strong industry promotional effort. It may well require other actions, such as removal of remaining tax and color barriers and of discrimination against margarine in those markets where surplus butter is given away.

A "low" rate would be about 1.9 billion pounds. That would be an increase of 300 million pounds more than last year. Per capita use would go to 10 pounds.

Let me emphasize that, using present formulations, the "high" projection by 1965 would require 270 million more pounds of crude soybean oil (4,500 tank cars) than in 1959, with proportional increases in between. It would be a truly great addition to your domestic market representing more than a million acres of soybeans.

This quantity is more than a third of the very high rate of 747 million pounds of soybean oil exported during the last market year under the P. L. 480 program. Without in any way understating the importance of that program, it is possible to foresee a good market opportunity in the margarine industry at home.

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Both the "high" and the "low" projections represent solid gains. What influences will make it possible or difficult to realize these gains?

Certainly the greater part of these increases will not come about automatically. Those who look for sharp decreases in butter supplies are likely to be disappointed. Right now, we are seeing some increase in CCC stocks that will probably be distributed in donation markets and will hurt margarine accordingly.

Any substantial decline in butter production is not going to happen in the near future. A combination of forces within the dairy industry, including market barriers and controls, inhibit any rapid diversion of Midwestern manufacturing milk away from butter. Meanwhile, milk production stays at high levels.

Remaining laws restricting margarine will not just wither away during the next several years.

There are important factors to be sure that seem to ensure an average basic growth of 25 to 50 million pounds a year.

The first of these is the anticipated population growth. A reasonable "midway" estimate for a population increase between now and 1970 is 16% to 20%. Undoubtedly, this will be a powerful influence.

A strong factor would seem to be the gradual passing on of population groups that cling to prejudices against margarine inherited from former times and conditions.

It seems reasonable, other things being equal, that we may have a

continued average annual increase in per capita purchasing power of about 2%. But this promises to be coupled with costs of living that would encourage homemakers to value margarine as a more economical spread providing all the good values of its higher-priced competitor and, we believe, other services.

It is when we consider margarine expansion beyond the rate of population growth that we have to rely on lines of evidence none of which is nearly so conclusive.

One of these is the encouraging growth in consumer acceptance. No one really knows just how far this can go, or how fast it is proceeding, although it is reasonable to conclude that it is developing faster than ever before.

In 1959 people bought about 325 million more pounds of margarine than butter in stores. Millions of families today have known margarine either as the only tablespread or as an alternate tablespread. Quality improvement has backed this shift within the last 20 years from a "poor man's spread" to a delectable necessity on the great majority of tables.

Another consideration is the amount and impact of margarine promotions. Last year it is estimated that margarine promotions of all sorts totaled about \$25 million. Practically all of this has been paid for by manufacturers. Margarine promotion promises to continue to exert a powerful nationwide influence.

New margarines may well con-

tinue to appear over the years ahead. One important consideration is the current research concerning the nature and significance of various types of fats in every day diets. This research has come to the place where a more balanced view prevails as to the importance of fats in the diet.

While the hysteria of a few years ago connecting food fats and heart disease has somewhat subsided, some of those closest to this type of research appear to be less certain that fats or saturated fatty acids constitute the "only" or explicit problems. Other factors are under study and results so far do not permit any conclusive answers, certainly not for any single article of diet.

Adaptable Product

Margarine, with its capabilities of selective formulation, will be able successfully to meet any findings that may involve food fats. Its present provision of unsaturated fatty acids is relatively high among the familiar food fats. It is an adaptable product.

It is noteworthy that despite all the founded and unfounded statements that have appeared about the role of food fats in nutrition, the consumption of all food fats seems to have maintained reasonably constant levels. Over the past forty years Americans have used on the average 43.6 pounds of visible food fats per person per year (fat content). No change is in sight.

Similarly, the combined consumption of margarine and butter, which had sunk to 14.4 pounds per person per year in 1946, last year had come back to 17.2 pounds. This has been owing chiefly to the new availability of the vegetable oil spread. Tablespread has done better than hold its own, owing chiefly to margarine's new availability. But the level of total tablespread consumption per person does not seem likely to show any upturn in the foreseeable future.

There is no visible problem on the supply side. Soybean production, particularly, is expected to increase. Your industry will surely provide all the soybean oil that the margarine industry will require.

Margarine prices are lower now than at the time of federal repeal, contrary to the predictions that were then made. The outlook is for a continued competitive situation that will enable margarine to sell at prices from one-fourth to one-half that of butter. Undoubtedly the economy in using margarine has operated favorably and will continue



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strongly to influence its increased consumption.

The conclusion is inescapable that far from dropping our traditional lines of cooperation between industries, we should strengthen them. We have a mutual goal in a growing margarine business sales curve. In some areas we must work separately, such as in margarine production and promotion by manufacturers, whereas basic soybean oil research may be best handled by producers and processors.

In some highly important areas, however, we can and should work together more effectively than has been the case in recent years. Let me give you a recent example.

Just 10 years after federal repeal —on last May 26—the U. S. Senate crippled by amendment a simple and fair proposal to permit our Navy to use margarine as a tablespread, something it is not now permitted to do. The Navy desires this legislation, which would save money and not injure the butter industry. Indeed, the proposal leaned over backward to protect by equitable treatment the CCC butter surplus.

Of the 14 senators from the seven leading soybean states, only three voted for your interest and mine. Seven voted against; four did not bother to vote. Iowa and Minnesota, which each probably produce more soybean oil for margarine than milk fat for butter, voted against. Indiana, Missouri, and Ohio contributed only one positive vote among them.

What is the real significance of this event?

It is not of real market significance. Such proposals as the Navy bill are not made to solve market problems. The margarine industry will not accomplish the new production levels I have projected by means of government programs.

It is of significance in the sense that it would be a serious mistake for us to settle for any second-class position for margarine, or any implication of such a position.

In the political sense, we must abolish restrictions and discriminations because they present a threat to our product and your oil.

For example, I would prefer that margarine never became dependent to any degree on any government program. But government programs exist or have been proposed to donate food fats here or abroad either as a measure of surplus removal or for relief or nutritional purposes. If such programs have the one-sided effect of encouraging butter production and consumption

in this country on a noncompetitive basis, the soybean oil interest in margarine is being hurt, and the product is treated as second class.

In that event, it would seem that there should be some representation of soybean oil in such programs in the form of margarine, in a fair and equivalent way. The refusal of the Congress to remove the Navy discrimination is significant because it is a blow at the principle of fair treatment for your oil in margarine and shows a lack of prestige where we need it.

Your Associations and ours can do

a valuable job by bringing to the attention of members of Congress and government people generally the story of margarine and soybean oil. Our Association has made a start by publishing a little booklet on the farm story of margarine. Copies of this booklet are available.

If all of us who are interested in soybeans and margarine make a concerted, continuing effort to bring our story to every person who ought to know it, we are doing much to raise the stature of margarine and to achieve the "high" rate of 2 billion pounds by 1965.

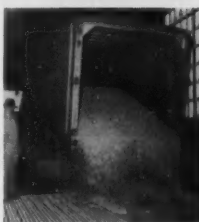


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For full facts write: Robert H. Jordan, Manager, Public Grain Elevator, Board of Commissioners of the Port of New Orleans, 2 Canal Street, New Orleans, U.S.A. or Telephone: TWinbrook 7-2321 or Jackson 2-2551.



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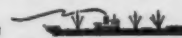


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PORT OF NEW ORLEANS U.S.A.



Overseas Markets for Agricultural Products

In food the United States has the greatest weapon,
but we still do not know how to use it

By HOWARD L. ROACH

President, Soybean Council of America, Inc.

YOU ARE all familiar with the story of the growth of the soybean production in the United States. In the brief span of 20 years we have moved from a production of about 78 million bushels to an expected harvest of 557 million bushels in 1960. Much of that growth has taken place since 1954 and I am sure that all of you are aware that the years of this great growth were ones in which abundant expanding production of agricultural products was unlikely to win a medal of merit.

In those years the Congress wrestled with the problem of what to do with our expanding production and Uncle Sam collected some \$10 billion worth of feed and food grains, cotton fiber and other assorted agricultural products into his benevolent storage bosom. The cry was to cut production, not expand it.

Here is the dramatic story of the soybean industry.

In 1948 farmers had a capital investment of land on which soybeans were grown of \$1,618,438,000 and if we add to this figure the value of machinery needed to plant, till and harvest the crop in that year, we come up with a total capital investment of \$1,965,488,000. A rough estimate of capital investment in crushing plants in 1948 is \$150 million, which added to the farm investment makes a total of industry investment in 1948 of in excess of \$2 billion. A decade, 10 years later in 1958 which by the way is the last year figures are complete, we find that the farmer had invested in land to grow the 1958 crop \$5,544,800,000 and by adding the cost of machinery required to handle the crop we have a total capital investment of \$6,381,300,000. During this decade the capi-

tal investment in crushing plants rose to a total of \$275 million, which added to the farm investment totaled in excess of \$6½ billion invested in industry.

While the major political parties are quibbling about whether the so-called "growth factor" of America should be 3% or 5%, ours is a segment that shows over 12% growth factor per year for the last decade. To this fact we point with pride.

Fortunately, the soybean producers and the processors were not pushing for a medal in this fabulous story of expanding production, a production that raised this crop from a minor position in our agriculture to the fourth most important, dollarwise, and much more nutritionally, in our field crops.

We have done such a good job that this booming production has never added to the existing surplus problem or created one of its own. In my book this is a record to tell others about.

Further, I could point out that the acres that have gone into soybeans have come directly from acres that could have been contributing to a further enlarged production of corn, wheat, or any of the crops now in surplus. During the past 4 years the Soybean Council of America has served as one of the tools in making this dramatic story come true through a program of worldwide market development. This market development program was under way before SBC came into being through the efforts of the ASA. Substantial market development had been started in Japan and surveys indicated possibilities in other parts of the world.

It was in 1955 that forward looking growers and processors realized that more could be done in the field of market development abroad by working together as a single industry than could ever be done by processors and growers working

separately. There was the danger of either duplicating each other's efforts or of working at cross purposes. Hence the Soybean Council of America. My assignment here today is a report of SBC's accomplishment to date.

The first program of the SBC began in Spain. It is no secret that Spain was a traditional and historic producer of olive oil. The natural reaction there was that soybean oil was an undesirable competitor for the home product. Today, with the cooperation of the farsighted citizens of Spain, and with SBC working in cooperation with the Foreign Agricultural Service of the U. S. Department of Agriculture and the Department of State, the situation is completely reversed.

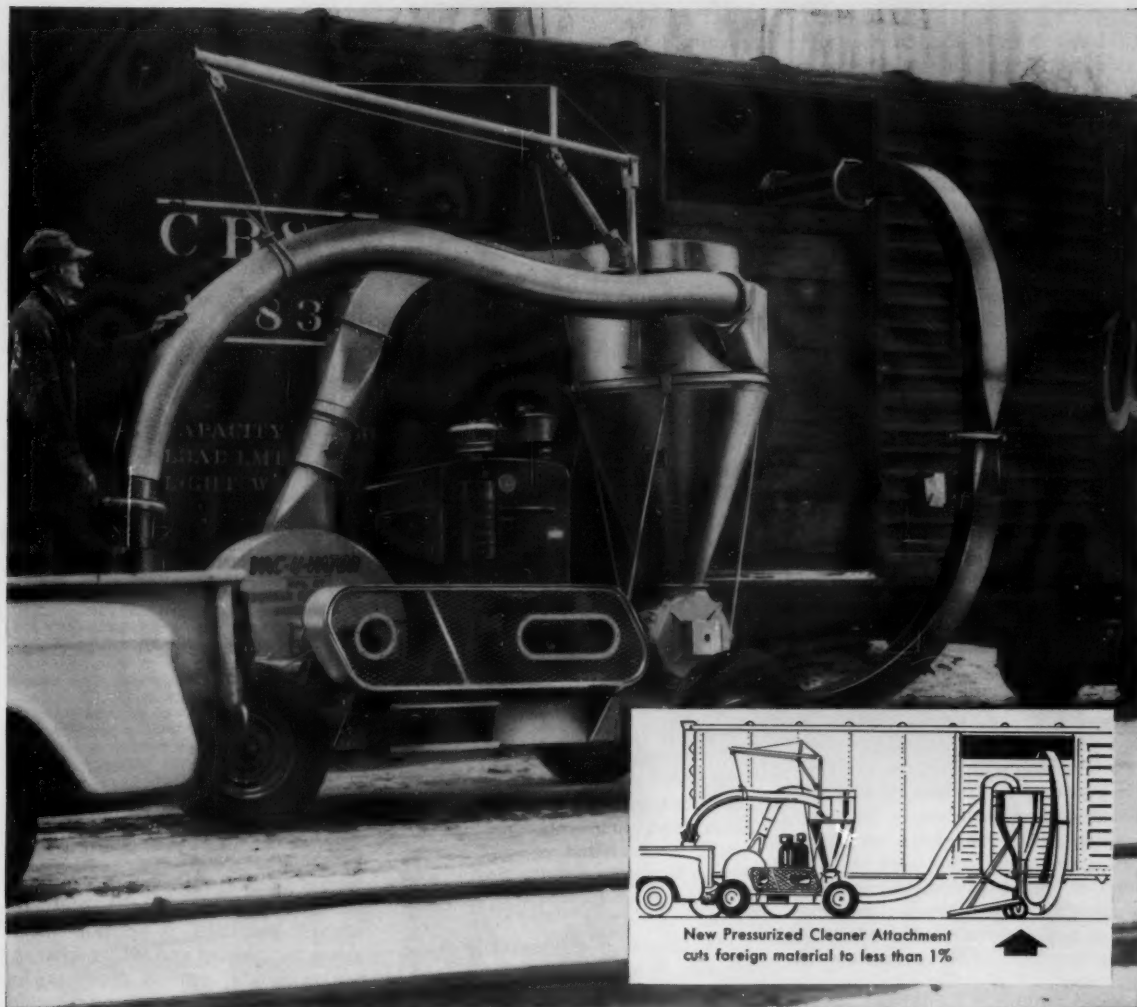
Global Contract

The accomplishments have been recognized by our U. S. Department of Agriculture and our government when, through the Foreign Agricultural Service, the first global contract in history for the sale of American agricultural products was completed. SBC was given a contract to carry on market development work in 52 countries around the globe.

As a start to implementing this contract I, along with Volorus H. Hougen, chief, foreign marketing, fats and oils division, FAS, Washington, and Fred R. Marti, director of foreign operations, Soybean Council of America, Rome, took a swing through 17 European, Middle East and Far East Countries. We came up with an estimate of a potential sale of \$367 million of soybean products in these countries. Present shipments and purchase authorizations indicate that this is a modest estimate.

In selling abroad we have placed substantial emphasis on the increased consumption of fats and oils.

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There is a good reason for this. Most of the countries need additional fats and oils in their human diets and one of the aims of our whole food export program is to upgrade the diets of other peoples. There is no quicker way than through abundant, relatively low-priced soybean oil and through the superior vegetable protein of soybean flour and meal.

Also, we had the domestic producer and his problem in mind. The demand here for beans is directly related to the price received for soybean oil and if it became a drug on the market our producer price would go down. We do not want that to happen or we might find ourselves in bed with our wheat, cotton and feed grain friends. Then, too, the other part of the bean, the meal, is needed here at home for the production of livestock and poultry and in many instances the producer of the beans is also the producer of this livestock. So, we have tried to sell soybean oil and have succeeded in a modest way.

However, one of the lessons we learned in this marketing program is that you cannot build overseas markets on a single product. In offering our products to the countries of the world we find ourselves in the same position as the hometown merchant during rationing who tried to hide part of his inventory under the counter for sale to selected customers at a premium. You can't build sales for the whole inventory in that way.

Another lesson we have learned is to never talk about our "surplus" but rather state that our commodity

is in "abundant supply." The word "surplus" is a bad word and everyone seems to be afraid of it, so why use it?

A third thing we have learned is that people's tastes vary. People with a taste for rapeseed oil or mustard oil do not care for bland soybean oil any more than I care for green cheese. So—keep still about reversal." Let's supply the best oil we can supply but let's not talk about a characteristic that we do not happen to like.

Finally, perhaps the most important point the Council has learned is to not try to explain price but to reveal that our prices are set in the open market and not by the stroke of a pen. Instead we stress dependability of supply, for many oilseed crushers around the world have already found out there is no profit in trying to crush "contracts to deliver"—you have to have the commodity on hand to yield oil and meal.

This was pointed out to me by one of the top businessmen in the British Empire when I saw him in London this spring.

"The British people," he said, "know that we are losing our dominant position as the controlling economic and financial force in the world. We feel that you can inherit it, but, if you do not, the Soviet will take it up, and then God help all of us.

"To take it up successfully there are two things you must learn and, frankly, for the record, we doubt if you understand. As of now you only enter the foreign market when you have surpluses to dispose of. You come in and put on a huge sales campaign, dump your products and then back out of the market leaving customers to wonder what happened.

"In some instances you do not even sell your products, you just empty them on the market, disrupting historic trade channels, and then withdraw when you are through. You create havoc.

"To take your rightful place in the market places of the world you must go into the market places to stay. You must stop selling from a side-show tent and begin to sell from a marble-front place that, by itself, indicates you are in the market to stay.

"Second, you must establish confidence in your customers by indicating that you are in the market to stay. You must share your scarcities. You must be willing to care for the needs of your customers in your bad times as well as good."

TOTAL ESTIMATED U. S. EXPORTS OF SOYA/ COTTON OIL, SOYBEAN MEAL, AND SOYBEANS FOR 1954-55 (BASE YEAR), 1957-58, 1958-59, AND ESTIMATED FOR 1959-60 FOR WEST GERMANY, ITALY, SPAIN, ISRAEL AND WORLD (crop year Oct. 1-Sept. 30) (metric tons)

Country and period	Soya/cotton oil	Soybean meal	Soybeans	Total
W. Germany				
1954-55	36,700	1,500	219,200	257,400
1957-58	41,300	1,900	304,000	347,200
1958-59	62,900	7,600	359,700	430,200
1959-60*	125,000	100,000	436,000	661,000
Italy				
1954-55	700	10,000	800	11,500
1957-58	30,500	56,600	900	88,000
1958-59	29,200	79,300	36,200	144,700
1959-60*	34,000	91,000	136,200	261,200
Spain				
1954-55	34,200	.....	.....	34,200
1957-58	173,900	700	.....	174,600
1958-59	202,700	19,100	.....	221,800
1959-60*	211,400	45,500	.....	256,900
Israel				
1954-55	.....	.....	64,700	64,700
1957-58	4,700	.....	99,400	104,100
1958-59	8,000	.....	137,600	145,600
1959-60*	3,700	.....	170,700	174,400
Total W. Germany, Italy, Spain and Israel				
1954-55	71,600	11,500	284,700	367,800
1957-58	250,400	59,200	404,300	713,900
1958-59	302,800	106,000	533,500	942,300
1959-60*	374,100	236,500	742,900	1,353,500
World				
1954-55	345,600	247,000	1,651,700	2,244,300
1957-58	478,200	272,700	2,329,900	3,080,800
1958-59	606,600	465,700	2,999,200	4,071,500
1959-60*	681,800	681,800	3,678,400	5,042,000

* Estimate. Source: 1954-55 (base-beginning of Council activities)-FAS, U. S. Dept. Agr., FFO 26-59; 1957-58, 1958-59-FAS, U. S. Dept. of Agr. FFO 15-60; 1959-60 estimate based on trade and government information. Prepared by Director of Foreign Operations, Soybean Council of America.

Do you agree with me that is not only good advice but sound business? What value is it to spend money to create markets if we don't service them? As your salesman abroad, your SBC is opening many doors for present and future sales of soybeans and soybean products. In many cases the first soybean oil ever seen, smelled or tasted was that which was shipped in on a trial or sample basis by air express. Education is the key word in our marketing program. Through showing at the great industrial fairs that have been held in many countries, sometimes several within the same country, we have told the story of the soybean and soybean products and demonstrated to countless millions their superb quality and shown them how to use them.

Nutrition Symposium

SBC sponsored, in conjunction with FAS, an International Animal Nutrition Symposium here in the United States in 1959 that brought together leading scientists, men from industry and in government. This meeting helped spread the word of soybeans and soybean products and to break down trade and other restrictive barriers.

A second one will be held in Madrid, Spain, in October and this time



At the Soybean Council booth: Fritz Schiess, Buhler Mill Engineering Co.; Euriel Shalon, chairman, Israel Oilseed Crushers Pool; D. Wittenberg, chief engineer, the Shemen Oil Mills, Israel; and Alfred Horst, Buhler.

our scientists, government and business people will do the traveling. Education, the business of swapping knowledge, is not a one-way street. We learn a lot from our friends abroad.

I would like to point out a major difference between the oilseed crushing industry in Europe and in the United States.

As the industry developed in Europe, using as raw materials peanuts and copra, major emphasis was on the utilization of the oil. Most crushing plants have in conjunction an oil refinery and hydrogenation plant and market their own brands of finished products. Oilseed crushers have indicated little concern for marketing mixed feeds.

In the United States most oil is sold to secondary refiners who finish it and market to the consumer their own brands of margarine, shortening and finished products. The U. S. crusher, however, has expanded in the field of mixed feeds in order to dispose of the greater quantity of meal produced from soybeans.

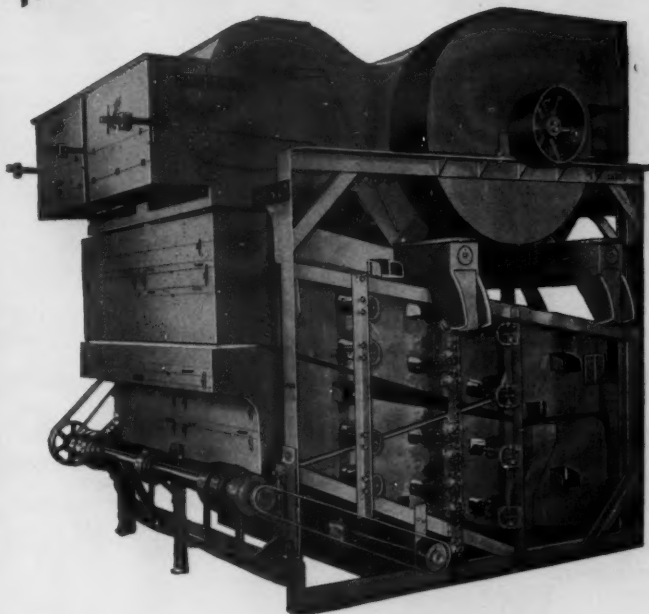
It follows that when a European crusher finds the crushing department unprofitable he must close down just one department of his entire business but when the U. S. crusher finds the operation unprofitable, the major part of the operation closes down with many items of overhead continuing.

As European crushers depend more and more on soybeans instead of peanuts and copra they find disposal of the meal a real problem. In many cases they cannot dispose of the peanut meal and copra meal now; therefore, how can they dispose of two or three times the vol-

The following countries are included in the Market Development Agreement, No. 40203 between Foreign Agricultural Service, U. S. Department of Agriculture, and the Soybean Council of America.

Argentina	Malaya
Australia	Mexico
Austria	Morocco
Belgium	Netherlands
Brazil	New Zealand
British Guiana	Nigeria
Burma	Norway
Ceylon	Pakistan
Chile	Peru
Colombia	Philippines
Cuba	Poland
Denmark	Portugal
Dominican Republic	Saudi Arabia
Ecuador	Senegal
Egypt	Singapore
Ethiopia	Spain
France	Surinam
Greece	Sweden
Haiti	Syria
Hongkong	Thailand
India	Turkey
Iran	United Kingdom
Ireland	Venezuela
Israel	West Germany
Italy	West Indies Federation
Lebanon	Yugoslavia

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bushels of small
grain per hour.

Capacity range from 3,000 to 8,000
bushels of small grain per hour.

Soybean processors and grain handlers find this
advanced design in receiving separators to be
exceptionally efficient.

Special construction enables operator to secure
50% greater capacity than can be obtained with
respective sizes in other types.

Salient features are heavy structural steel frames,
fully ball bearing, positive cleaning device under
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ume of meal they have at present?

I predict that European crushers will crush soybeans until the meal exceeds local demand, and will then buy soy oil to supply their customers. The only place in Europe where oilseed processing is expanding is in Italy and this is being prompted by a rapidly growing broiler market.

The Council has sponsored trips of industry representatives, going as teams abroad, and have had visiting teams from other countries to this country such as the teams that are here at this convention today.

The work of marketing requires countless negotiations with the representatives of foreign governments, trade groups, colleges and institutions and individual businessmen.

To facilitate our work, we have put offices in Rome, Madrid, Rotterdam, Jerusalem, and Bombay and we hope within another 12 months to have additional ones in Europe and new ones in the Near East and Far East and in South America.

These offices are not just store fronts or side-show tents or window dressing. They are staffed with highly-trained and experienced personnel who are qualified to represent the entire U. S. soybean industry and carry on continuous negotiations at all levels with the industries and governments in countries where they are located. In each country and on each continent as new markets are developed it becomes apparent that we are only scratching the surface and the potential for additional markets is overwhelming.

Nor are these markets a charity, a giveaway operation. More than two-thirds of all our sales abroad are for dollars.

I have repeatedly said that P. L. 480 was a laboratory experiment in distribution; that we were searching for a better way to distribute our abundance to nations short of

dollars and have asked objectors for constructive suggestions.

But there is another side of this market report and it may be the most important. I want to touch on it briefly before I close. Everywhere we go with the U. S. soybean we find the peoples of other countries bearing a deep affection for the United States and our people. But they are full of apprehension and misunderstanding of our purpose.

One sure guide to one's success is the rating established by one's competitors. The Council has been approached by representatives from Nigeria and Ceylon that are fearful of our activities and how they will affect peanuts and copra. They have asked to join the Council, and our board at its yearly meeting in September must come to this decision. If we can help these countries barter their products with countries that want to barter, the dollar markets of Europe will be freer for us to operate in.

If we do not accommodate these other nations, we may find another organization set up along the lines of the International "Tea Council," that promotes tea grown in Ceylon, Assam, Japan, etc.

Wherever U. S. soybean oil, soy flour, soy proteins and animal products produced from soybean meal actually go into the diets of these people, we find a correspondingly greater understanding and appreciation of us and the traditions of freedom of choice and individual dignity which our country represents.

And you can be assured that wherever your SBC tells the story of the great soybean industry of the United States, of the magical nutritive qualities of our product, we also tell, sometimes subtly, always quietly, the story of the dynamics of the truly free society and the blessings which come to any people

who devoutly believe in the divine rights of men.

We recently employed a very important man to represent you in India, Ferroz Nallaseth. Some of you met him when he was here in the United States recently for training. He has had a spectacular and successful career in both business and government in his home land and is the personal friend of many of the most important personages there in both government and business. If you met him you doubtless heard him say, as he said over and over to me: "You in the United States have the greatest weapon in the world for fighting communism, your abundant food supplies and your great food production capacity. You never hear the Russians boast of their food abundance because they do not have it. But you never would hear anything else if they did. You have a weapon that you have yet to learn how to aim and pull the trigger."

The more I travel and the more I observe, the stronger becomes my conviction that the peace and future of the world may well be written in terms of food rather than military might. Food speaks a universal language with which we can win the hearts and minds of underfed millions.

The problem of U. S. agriculture and the greater problem of maintaining human freedom against the most competent tyranny in history may well be met by our use of two important tools:

One, producing with our great agricultural capacity the food, feed and fiber the peoples of the world want and need, and,

Two, selling it intelligently, aggressively, diligently and honestly for a fair price. The soybean industry, through the Soybean Council, is to a large degree setting the pace in this program.

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Consulting Engineer to the Soybean Industry



European Operations Of the Soybean Council

The total U. S. production of soybeans could easily
be absorbed by the world market

By DR. FRED R. MARTI

Director of Overseas Operations
Soybean Council of America, Inc.
Rome, Italy

MY REMARKS will be limited to:

1—Some of the activities that the Soybean Council has undertaken and is currently planning in market development work overseas.

2—Plans to implement programs under the World Agreement which now covers 52 countries.

3—The results achieved to date.

4—General comments.

Some promotional activities used by the Soybean Council overseas to promote sales of soybeans and soy-soybean products follow:

1—Seminars, oil and protein (animal and human).

2—Fairs, country and local.

3—Publications, such as the Spanish Nutrition and Oil publication which goes out every 2 months to appropriate people in Spain.

4—Law Digest, such as the Margarine Story in Italy and compiling information on the common market and related activities which are very helpful in our appearances before GATT.

5—Marketing and technical assistance—an example being Dr. Edward James assisting the vegetable oil people in utilizing soybean oil in Spain, Israel, Italy, Egypt and Pakistan this past spring.

6—Foreign visitors to the United States. The example we have here is the Spanish oil and feed team and the president of the Israel Oil Seed Crushers Pool.

7—In addition to the foregoing media our story is told through the farm magazines, appropriate newspapers, radio and television in countries where we have active programs and a trained staff to properly carry out promotion activities. One of the most effective ways of

promoting the exchange of ideas is direct business tieups by executives of the soybean industry with the overseas counterparts.

Council Offices

I would like to tell you some of our plans and hopes for the future. We now have a Soybean Council office in Bombay, India, which is under the direction of Ferroz Nallaseth.

The Spanish office, located at Madrid, is under the direction of Javier de Salas.

Our Italian office, located at Rome, is under the direction of Dominic J. Marcello. The Rome office also houses the overseas staff which assists in the overseas country programs, the channel of communication being the country offices through the Rome overseas office through the home office at Waterloo.

The Benelux office located at Rotterdam is under the direction of William A. Luykx. Office space in Rotterdam is in conjunction with the Great Plains Wheat Association, while our Rome office space is shared by the Feed Grains Council.

The Israeli office located in Jerusalem is headed up by Joseph Mazur.

Our German office at Hamburg is represented by Dr. Leonhard Lennerts, who is an employee of the German Oil Seed Crushers. This program is being expanded and a small country staff is being employed by the Council for our Hamburg office.

Further plans call for a small country office that will be located in Copenhagen or Stockholm to serve the Scandinavian countries.

Within the next year we have plans to open small country offices in Belgrade, Cairo, Teheran, Karachi and London, provided sufficient 104A funds are made available for our use. This will give us good representation and offer an excellent

opportunity to continue to increase exports of soybeans and soybean products in these areas.

Other countries listed in the World Agreement will be covered periodically by the home and overseas staffs. Ground work will be laid for small country programs where opportunities seem greatest.

In order to effectively promote soybeans and soybean products, our experience has shown it is necessary to have a full-time representative staff in a country to work directly with local industrial groups and government officials on joint promotion programs. You have to call on people and solicit business. You can't wait for them to call on you or do the job with periodic visits. To do the job, it is necessary to have direct representation in that country.

A trip made to 17 Middle East and European countries during February and March 1960 by Council and FAS representatives again pointed out the need for market development work. Local cooperative groups in these countries told representatives of the Council's good work they had observed and said they were ready to go on a joint promotion program now. Concurrence for such a program from almost all agricultural attaches was obtained.

Of these countries, besides the four where programs are under way, only one, Yugoslavia, had sufficient 104A funds earmarked for program operations. However, enough money was allocated for limited program operations in India, Pakistan, and Netherlands for 1960-61. By having active country programs in these countries in 1961, possible sales may reach over 1 million metric tons of soybean oil; 300,000 metric tons of soybean meal; and 1 million metric tons of soybeans.

I would like to point out some of the results that have been achieved

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where we have active programs.

1—Results obtained in Italy show imports of soybeans and soybean products valued at \$17 million for the first 6 months of 1960. This was the total value for 1959 imports. This compares with \$12 million in 1958 and \$8 million in 1957. Member firms of the Soybean Council have made arrangements with Italian counterparts to increase soybean processing capacity. The increased processing of soybeans in foreign markets is directly reflected in increased demand for oil since soybeans yield only one-half as much

oil as peanuts and only one-third as much as copra. Germany is an example. In spite of record processing in the first part of 1960, Germany still purchased 20,000 tons of soybean oil from the United States in the first 4 months of 1960.

U. S. soybean oil exports to Spain averaged 36 million pounds in 1950-54; and increased to 335 million pounds in 1956-57; 382 million pounds in 1957-58; and 446 million in 1958-59.

U. S. soybean meal exports to Spain increased from 100 metric tons in 1954-55 to 21,000 metric tons in

1958-59. There has been a gradual increase in the per capita consumption of vegetable oil in Spain. Soybean oil is being introduced into new non-food products in Spain, including paint.

Council activities in Spain have established in that country one of the important markets for U. S. soybean oil—with annual average imports in excess of 150,000 tons. Two or 3 years ago, Spanish government regulations authorized blends of soybean oil with olive oil. These blends prejudiced soybean oil in consumer channels because of the low quality of olive oil used. Later, however, when high quality olive oil was blended with soybean oil, immediate acceptance of U. S. soybean oil resulted and is continuing, as evidenced by increasing demand for this product.

Work in Israel

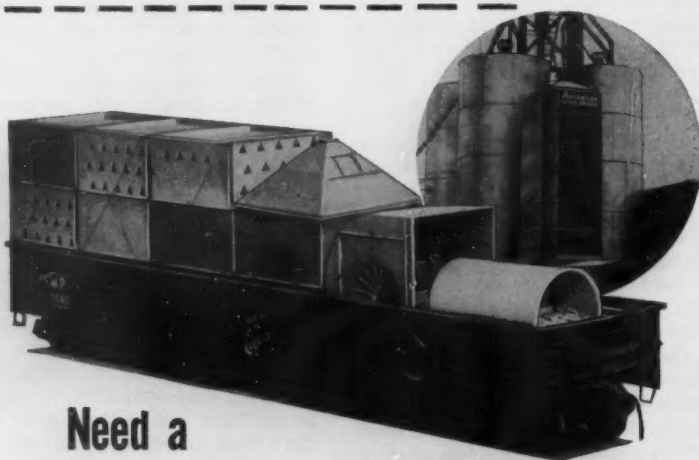
Israel hopes to import 200,000 metric tons of soybeans in 1960-61 or over 100,000 metric tons for each 1 million population. Israel has the highest per capita consumption of soybeans and soybean products in the world. This is an indication of what can be achieved in other countries. Because of intensive and extensive efforts of the Council in Israel, which program is now in the beginning of the second year, Israel has accepted soybean oil as the preferred cooking and salad oil of that nation. Israel is a showplace. Advances made here are quickly known in other countries.

U. S. soybean exports to Israel have increased as follows: 1957-58, 110,000 tons; 1958-59, 128,000 tons; estimated 1959-60, 165,000 tons.

Prior to 1957, the United States shipped no soybean oil to Israel. In 1957-58 and 1958-59, United States exports of soybean and cottonseed oil to Israel averaged about 15 million pounds annually.

U. S. technical assistance to the Israel Mixed Feed Association and flour millers has improved feeding techniques and the quality of domestic flour production, and expanded the use of soy protein. Everywhere, people are interested in soya protein and request information on it.

West Germany is the United States' most important dollar market. In 1958-59 Germany imported 430,000 metric tons of soybeans from the United States. Bean imports for 1959-60 are expected to reach over 650,000 metric tons. Vegetable oil imports from the United States are



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expected to reach 125,000 metric tons in 1959-60, or double those of the previous year. Soybean meal imports are expected to reach 100,000 metric tons for 1959-60 compared to only 7,600 the previous year. The Council emphasized the value of high quality margarine produced with soybean oil as a major ingredient at relatively low prices and available in dependable supply. Increased exports of U. S. soybean oil is proof of the acceptability in Germany of margarine containing soybean oil.

As a result of Soybean Council programs, it is estimated that over two-thirds of all U. S. processed soybean oil and meal imported into Europe and the Near East this year will go to these four countries, as well as over one-third of soybean exports. In fact, it is now estimated that over 50% of all the U. S. vegetable oil imports from the United States will go to these four countries in 1959-60.

The importance of the export market is shown by the fact that currently every third bushel of beans produced in the United States is exported as soybeans or soybean products.

Member firms of the Soybean Council now have or are planning to grant licensing agreements on patents in Spain, Italy, Germany and Israel. Limited Council activities in other countries have stimulated similar arrangements there.

The surface has only been scratched for increasing the consumption of soybeans and soybean products in foreign markets. With the margarine, shortening, and mixed feed industries just getting under way in most of these countries there is an excellent opportunity for expanding oil and protein sales. This, coupled with the high interest in soy flour, isolated proteins, lecithin, etc., presents the opportunity of a lifetime to get the soybean industry firmly established in foreign markets. Other nations are viewing our promotion work in the fats and oils field and have requested the Soybean Council's assistance to help them. Examples were given by President Roach in his remarks.

General Comments

The interest generated concerning soybeans and soybean products, as elsewhere, is very high. In fact it is so high that one of the first ques-

tions asked by people when the soybean story is told them is, "How can we grow more soybeans?"

In addition to pointing out why the United States is the largest producer of soybeans because of climatic conditions, mechanical harvesting equipment, etc., we still offer them limited information on growing soybeans for these reasons:

We know they can only grow a small amount because of economic or climatic factors in most countries. This maintains the interest which, by having a few soybean growers in a country, puts the local government in a most favorable position when it comes to the importation of soybeans and soybean products regarding tariffs and so forth. This opens up markets tremendously and offers us unlimited possibilities for sales of soybean and soybean products.

The potential markets for soybeans and soybean products are unlimited and today's total U. S. production could easily be absorbed in the world market. The legislative machinery that has been set up to promote foreign markets gives the industry the greatest opportunity it has ever had to expand and increase these markets.

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Spanish Operations of the Soybean Council

By JAVIER DE SALAS

Director for Spain
Soybean Council of America, Inc.



TWO YEARS ago I had the pleasure of appearing for the first time before your convention to tell you of the plans for the future.

It is indeed a satisfaction for me to appear again and to inform you that the plans presented to you last time have not been left for "Mamona" but have been surpassed in all respects.

Let us start with our work on protein. The number of meetings organized by the Soybean Council in the last 2 years tells the story quite clearly.

We have organized meetings at Valladolid, Burgos, Zaragoza, Canary Islands and Santander.

The problem we encountered at the beginning for the organization of these meetings was the lack of a nationwide group with whom we could work. That has been turned to our advantage. At present the Soybean Council of America is the organization that, with the cooperation of local groups, gets this work done. I have received letters from the chief of the Livestock Syndicate in Spain congratulating the Council for the excellent work carried out.

In the closing session of our last week of studies held in Santander, the director general of livestock said that these weeks of studies have helped considerably to bring about better nutrition of Spanish livestock. In fact, the main organization problem we are having now is to keep the meetings down to manageable size. The prestige of our weeks of studies is so firmly established that everybody wants to talk in them.

Let us see what all these meetings have accomplished from the viewpoint of actual increases in soybean meal consumption in Spain. In 1957 Spain imported 1,500 tons of soybean meal. In 1959 the import was

up to 18,000 tons, in 1960 it is up to 35,000 tons and in 1961 we expect the figure to reach about 60,000 tons.

At the same time the Spanish government has recognized the value of soybean meal to such an extent that special pamphlets have been published by the Spanish extension service on the use of soybean meal in animal feeding.

Let us talk now about the oil situation. At this point it is specially interesting to mention the good will created in Spain by the market development activities. I can assure you that when I started working for the Soybean Council even my family was convinced that I was trying to poison them.

At present more and more people are becoming aware that soybean oil properly refined can substitute perfectly for olive oil. Even in the middle of the olive oil area there are people who ask for soybean oil instead of olive oil. A point of great importance is the fact that

the Spanish government has published in a magazine edited by the supermarkets organization of the buying agency of the government an article defending soybean oil versus olive oil in such strong terms that I can tell you frankly that if during one of my absences from the office this article had been sent out by any of my staff there would have been trouble about it.

About the imports of soybean oil, it has been definitely proved that Spain will be a consumer of these products for many years to come. The efforts of the Spanish government to encourage peanut and soybean cultivations in Spain have not been successful. Even in years like 1959 when everybody talked of a very large olive oil crop, it turned out that Spain had to import almost 200,000 tons of soybean oil.

Taking into consideration all these factors, my firm belief is that Spain needs soybean oil, one year because it has a bad crop of olive oil, another year because Italy has a bad crop and, therefore, buys the olive oil from us.

In closing, the most interesting accomplishment of the Soybean Council in Spain, in my opinion, is that soybean oil is slowly but surely being liked by more and more Spanish people. We are working now towards getting the Spanish government to allow soybean oil to be sold as such. This would allow the Spanish public to get used to a certain type of oil instead of what is happening now, where the various types available do not allow the consumer to form a liking for any standard type.



The Spanish feed and oil teams with USDA representatives at the Memphis soybean meetings. 1 to r: Javier de Salas, the Soybean Council's Spanish director; Patrick O'Leary, deputy administrator, fats and oils division, Foreign Agricultural Service; M. Soler; J. Bustelo; Walter Sikas, director, fats and oils division, FAS; J. A. Romagosa; E. Galan; G. Rivera; G. Varela; and J. Amich Gall.

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Tomorrow's Soybean Markets

We can have vastly greater markets than we have even dreamed about up to this time

By GEO. M. STRAYER

Executive Vice President
American Soybean Association

THE COMPLETION of the current soybean crop year on Sept. 30 will see the largest export of soybeans from the United States that we have ever experienced—something in excess of 130 million bushels. The end of that same crop year will also have seen the largest export of soybean oil meal in our history—by June 1 we were already past the total for the highest previous year.

And we will have seen one of the largest total exports of vegetable oil from the United States in history. Not as much of that oil was soybean oil as some of us would like to have seen, but the cotton boys got the jump on us on exports during the crop year. Nevertheless, a ton of cottonseed oil exported made room for a ton of soybean oil in our domestic market, and we profited thereby, even if indirectly.

Trip Abroad

I recently returned from 6 weeks making contacts with buyers of oilseeds in nine European and Middle East countries. I worked closely with members of the staff of the Soybean Council of America in these countries where market development activities are being conducted. I worked with Agricultural Attaches in the American Embassies, and members of their staffs, and I appeared on the program of the International Association of Seed Crushers annual conference in London, where I talked with a large number of oilseed crushers from European, Asiatic and Middle East countries.

For the past several years I have been hearing comments from certain processors in the United States indicating they were fearful that the eventual trends were going to be

toward the exportation of continually increasing tonnages of American soybeans, and that they were afraid the markets for oil and meal would gradually contract and dry up. Some people have been very concerned about this possible trend, and inclined to withhold or minimize support necessary to do market development work on soybeans and soybean products because of this fear.

After talking with crushers and governmental representatives from some 20 or more oil and oilseed importing nations I have reached the very firm conviction that these fears are ungrounded. In fact, I am firmly convinced that the trend will be in the opposite direction. I would like to give you my analysis of what is going to happen.

First of all, let us recognize that four of the major oil-importing nations are members of the European Common Market, and that it is impossible to tell at this time just what steps are going to be taken in those countries in connection with the so-called protection of agricultural markets. Let us recognize that there will be a tendency to place tariffs and duties on finished products, such as vegetable oils, and to allow free imports of raw materials for processing purposes. This is a natural and very understandable move on the part of these countries. Initial proposals call for duty-free soybeans, and 10% duties on oil.

However, already two of the major Common Market nations have rebelled at the proposals as offered by the recent Brussels conference. Germany, so we were told, 3 weeks ago, definitely will not agree to the proposals. Netherlands will probably be in the same category. It is impossible to analyze today just what the final outcome will be, but certainly there will be some modification of the highly protectionist policies advocated by the dairy groups in those countries.

There is oilseed crushing capacity in excess of that which is operated

now. There is little if any tendency to enlarge and increase crushing capacity because crushing margins are too low. In only one or two countries do I know of any plans to enlarge present plants or build new plants, except to replace worn-out equipment.

Most of the seed crushing equipment in the European countries is adapted to use on several commodities. Copra, peanuts, palm kernels and palm nuts, soybeans, cottonseed have been crushed when and as available. The long-time trend is definitely away from the tree nuts, and toward the oilseeds. This trend is accentuated by the fact that the economic gathering and crushing of tree nuts is based on peon or peasant labor. There are no peons left in the world. Current developments in Africa are mute testimony to this fact. Political turmoil will apparently prevail in many of the traditional raw material suppliers to the oilseed industry. Local consumption will increase as it has everywhere when incomes rose to higher levels. Export markets will become of lesser importance to them. Dependency on and allegiance to colonial possessions will diminish. Buyers will look for sources of supply that are dependable, reasonable in cost and readily available. The future of the vegetable oil industry in the European and Middle East countries lies with the oilseed crops which can be produced mechanically, with a minimum of hand labor and a maximum of yields, for they are the crops that will supply fats and oils in quantity at reasonable prices. Those crops will not, in most cases, be produced in the countries concerned, but rather will be imported.

The significant factor in this whole picture is that the oilseed crushing plants of Europe have been operating largely on oil-bearing materials that are considerably higher in oil content than are soybeans, and that in terms of oil their capacity will be considerably below their needs

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through a period of years. To produce a ton of coconut oil from copra, for instance, requires the crushing of only about 3,000 pounds of raw materials, and produces only about 1,000 pounds of meal. To crush a ton of peanuts for oil purposes requires the actual handling of less than 5,000 pounds of raw material, and produces about 1½ tons of meal. To produce a ton of soybean oil requires the crushing of roughly 10,000 pounds of raw material and produces 8,000 pounds of meal.

To put it in other terms, a plant operating at total capacity on soybeans can produce less than one-third the tonnage of oil that the same plant could produce operating on copra, and less than one-half the tonnage of oil from soybeans as could be produced when operating on peanuts. The population of the European countries will continue to increase, demanding greater tonnages of fats and oils. In addition, some countries will continue to increase their per capita intake of fats and oils as their economic levels continue to rise.

Where is this oil going to come from? Here is the way I have it figured out, based on many contacts through several years in many countries:

European oilseed crushing plants will continue to shift toward the processing of soybeans as the tree crops become more scarce and higher priced in world markets. They will utilize as many peanuts as are available to them, but this, too, will be a decreasing quantity because of labor costs and greater utilization in the countries where produced. The shift must be toward soybeans. And as the shift continues in that direction two very important factors enter the picture.

The first of these is that soybean crushing will require the development of markets for much greater quantities of soybean oil meal than have been developed to date. To produce the same quantity of oil would require the sale of eight times as many tons of meal as on copra operations, and nearly three times as much meal as peanut operations. The development of markets for that quantity of meal, if it were possible, would require years of concentrated effort and the development of livestock feeding techniques far advanced from today's levels. A broiler industry would have to be developed, for instance, and that, too, takes years.

Even more important is the fact that it will be physically impossible for today's plants to handle the tonnage of soybeans required to produce the soybean oil that the European countries will require. There is no apparent interest in building new plants because of low margins. There will be some increase in tonnage of soybeans crushed—up to the level of capacity of the plants not now being operated at top capacity.

Shift to Oilseeds

What does this mean to me? It means a continued shift away from tree crops to oilseeds, largely soybeans. It means that the European countries will continue to buy U. S. soybeans up to the point where they reach saturation point on meal sales—and that can come rather soon in today's European economies—or where they have reached top plant capacity. In either case they will still be a long way from having satisfied their needs for oil. Whichever of the two factors prevails there must be quantities of oil brought in from outside sources.

If we are intelligent enough to properly utilize and capitalize on our advantages the next decade is ours. As we continue to march, in short but steady steps, toward the goal of a billion bushels of soybeans per year we will continue to expand our soybean exports—of necessity. But we will also continue to expand our markets for oil. Never forget that

there are relatively plentiful supplies of carbohydrates in the form of cereal crops over much of the world. There are two food items which are in relative scarcity. They are protein and fats and oils. In soybeans we have both of them in a form easily utilized by mankind, and which can be produced at relatively low prices.

Tomorrow's markets are vastly greater than those of today—and they include steadily increasing quantities of both soybeans and soybean oil, along with increased tonnages of soybean oil meal. For proof of my contentions study what has happened in the German oilseed industry in the past 5 years. That trend is only the beginning of something which will accentuate during coming years. *Do not sell our soybean industry short.*

As the Inner Six and the Outer Seven of Europe develop their programs through a period of years we must be alert to their actions and ever mindful of the effects of them. We must work hard, long and diligently developing our potential markets by working through and with the people who will be our customers. We must use P. L. 480 funds to the greatest possible advantage and we must be willing to finance our own operations in a manner that will enable us to properly carry on our sales and servicing job. If we do so we have vastly greater markets ahead of us than we have even dreamed about up to this time.

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Factors Affecting the Relationship Between Wheat and Soybeans

By JOHN W. EVANS

Director, American Soybean Association,
Montevideo, Minn.



THE PROGRAM of our convention this morning is designed to bring out the various relationships that exist between the soybean and other well-known farm crops. My subject is that of comparing the soybean with wheat.

Wheat prefers a cool soil. The soybean is more selective in its environment and needs warm temperature and ample moisture. The value of the soybean crop has become a billion dollars or more and from about 24 million acres. The wheat crop from 55 million acres has a value of over \$2 billion.

Wheat and soybeans are both of great value for their contribution to our supply of protein. Wheat contains 12% to 15% protein but has no oil. The soybean contains 44% protein plus 10 to 12 pounds of oil in every bushel. The soybean is a much more economical source of protein for both human and animal uses. Human food derived from both plants on a basis of 110 pounds of protein from an acre of wheat and 294 pounds of protein from an acre of soybeans is available. Wheat has become a political problem. In the soybean field, sales activities developed by broad-visioned processors operating with the American Soybean Association through the Soybean Council of America have developed a successful industry front. There are no surplus stocks of soybean meal anywhere today. With private initiative and the aid of P. L. 480 we are locating new markets and uses for soybean oil and millions of people over the world are improving their standard of living.

When the population of the United States burst westward over the Appalachians 200 years ago, wheat was brought to the Midwest prairies, as wheat seemed to do well on the newly plowed soil. When John Deere invented the steel moldboard for a plow, wheat acreage increased; and

when McCormick and Deering brought out the grain binders and others developed mechanical threshers, wheat became the great staple crop.

My first recollection of wheat was as a boy over 50 years ago. My father had some new wheat, just out from the experimental station, and his neighbors came to his place to get seed for their spring planting. I recall being sent out to the granary after breakfast and before school to hold the bags for father to fill. Holding these cold bags with bare hands was my first introduction to the pure seed business. I can still hear father praising that new strain of Bluestem wheat. There is no sweeter noise anywhere than to sit on an 8-foot binder pulled by four good horses and in the evening air after a warm day detect that swish-swish of the sickle cutting a good crop of wheat. Those days are over.

Prior to 1900 wheat was Minnesota's foremost grain crop. About 1896 father had planted 12 acres of corn in the middle of a 480-acre farm. The neighbors thought that he was peculiar. They also thought that he was ruining the country when he brought home a herd of milk cows. There was one roan cow that had a stub tail. How that short tail could fight flies. I think many men in this room know also what it is to get hit by a short-tailed cow. When father bought another piece of land, pigs paid off the mortgage. My mother's garden suffered as the holes in the garden got bigger, as the little pigs grew on the wheat shorts they were fed. The hogs got their protein from the wheat they were fed. The cows received their protein from the bran also processed from the wheat and sold in 200-pound bags. They were heavy. This was before the day of the alfalfa hay and soybean oil meal. Where would we be today in our production

records in all branches of livestock—beef, dairy, hogs, and poultry—without the soybean?

Soybeans were very new 40 years ago. I raised my first soybeans in 1917. In the past 25 years U. S. production has increased to 500 million bushels of soybeans. Frequently we hear someone say that before long we will be raising a billion bushels of soybeans. Where will the acreage come from to produce that? That is why we are discussing this subject today.

On Wheat Acreage?

When first assigned this topic, I presumed that I would determine quickly that an increased acreage of soybeans would come from wheat. I have changed my views. Forty states grow wheat today. The Southern States produced considerable wheat 100 years ago. They raised considerable wheat until about 1880 when disease struck wheat. The leading wheat states today are Kansas, North Dakota, Montana, Nebraska, Washington and Oklahoma.

Kansas produced 290 million bushels of wheat in 1959, North Dakota produced 146 million bushels of wheat, Nebraska 113 million and Oklahoma 115 million bushels.

On other crops Kansas has shown a tendency to decrease both corn and oat acreage while North Dakota increased its barley acreage considerably, decreased oats slightly, decreased wheat somewhat and held corn constant. North Dakota has held to a fairly constant interest in flax which is competition of the soybean for both oil and meal. North Dakota is constant on hay acreage.

Two other states need mentioning

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SOYBEAN DIGEST

as they produce considerable wheat—Nebraska and Oklahoma. Nebraska has not planted over 210,000 acres of soybeans and has never produced more than 6 million bushels of soybeans. Wheat has increased somewhat, corn is a bigger crop than wheat, and other crops such as oats, barley, sorghum are of lesser importance than wheat.

Oklahoma produces a negligible acreage of soybeans, considerable wheat. Oats, corn and sorghum are not important factors in the state's crop program. Oklahoma can be a factor for greater soybean acreage.

From what I understand of the states just mentioned, Kansas, North Dakota and South Dakota may as well be mentioned. Nebraska and Oklahoma show little prospect to increase their soybean acreages in the immediate future. Any decrease in their wheat acreage would more likely go into sorghum.

I am ready now to discuss several states that have been showing a genuine interest in the soybean. There are seven states that have top rating in 1959 performance.

	Acreage planted	Bushels
Illinois	4,740,000	125,610,000
Iowa	2,394,000	63,441,000
Indiana	2,312,000	60,112,000
Arkansas	2,318,000	56,791,000
Missouri	2,270,000	52,210,000
Minnesota	2,193,000	41,667,000
Ohio	1,472,000	38,272,000

In almost all of the above states, the value of the soybean crop per acre is second next to corn for the state. In Minnesota the soybean passed wheat, flax, oats and barley in returns per acre, nearly 10 years ago.

Since 1940 Illinois has dropped slightly in acreage of wheat planted but still gained slightly in wheat production. Since 1948 its oat acreage has dropped 1 million with a corresponding drop in bushels. Since 1947 corn has remained fairly constant with 20% gain in production. Acreages in total hay remained about 2½ million acres with production fairly constant. Alfalfa hay has increased 20% at the expense of Timothy and clover mixture.

Indiana developed a heavy interest in soybeans by 1940, and by 1950 was producing 37 million bushels of soybeans. By 1958 it was producing 61,263,000 bushels from 2 million plus acres. At the same time Indiana maintained a fairly constant acreage for wheat—between a million and a quarter and a million and a half acres—with a slight increase of wheat up to 40 million bushels in 1958. Oats took a 20% drop in acres

but decreased slightly in bushels from 1947 to 1958. Corn held fairly constant in both acres and bushels, and hay remained fairly constant.

Minnesota, my home state, developed that soybean fever behind the other lower Cornbelt states, but by 1950 it jumped from 18 million bushels of beans to 54 million in 1957 and was second in the nation in 1956 with 52,500,000 bushels. From 400,000 acres in 1953 it jumped to 54,804,000 bushels with a 21.5-bushel state average. In 1958 Minnesota's acreage was 3,129,000—second largest in the USA—but due to drought conditions working, the yield dropped to 53,935,000 bushels and in 1959 and 1960 our acreage has dropped so we are back in the 40-million class of states. Since 1950 wheat has remained constant in Minnesota as has barley. Oats have dropped over a million acres since 1950. Flax has dropped half since 1950. Corn has increased slightly since 1950. Hay crops remained constant. It seemed apparent that definitely, in Minnesota, soybean acreage has increased at the expense of oat acreage.

Missouri has been a fairly consistent producer of soybeans the past 15 years. The greatest gain has been in the past 5 years. It produced 55 million bushels of soybeans in 1958 and 52 million in 1959. Both corn and oat acreages have dropped the past 5 years to compensate for the gain in soybean acres. Hay crops remained constant.

Before closing I might mention that both wheat and soybeans have suffered from trade practices in our

export markets. Automobiles, farm equipment, dairy products, fruits are sold abroad on high standards. Nobody ever hears of secondhand machinery being sold abroad. Our wheat standards have not been changed in decades. The export grade No. 2 is a grade that no producer ever will be proud of or the purchaser abroad ever too happy about. Our soybeans contain amounts of foreign material that make you ashamed of American soybeans as I saw them in Japan in 1957. Last fall two shiploads of American soybeans were held up in Japanese ports for several weeks as they required cleaning before the Japanese would allow them to be unloaded. The wheat producer and soybean producer should give more attention to this subject. Our general farm organizations should make this question an important subject.

In stating my conclusions, which are somewhat vague, wheat and soybeans have many things in common. The expansion of soybeans has not been at the expense of wheat acreages but more from the area of feed crops. I do not foresee any new area that we can turn to for any increased acreage unless lower prices dominate wheat or feed grains. Increases may have to come from the present soybean producing areas and perhaps from some Southern States. To anticipate producing a billion bushels in the future must depend on more research for higher producing varieties, improved cultural practices and perhaps more response from fertilization.

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Factors Affecting the Relationship Between Corn and Soybeans

By WALTER W. GOEPPINGER

President, U. S. Feed Grains Council



IN ORDER to properly evaluate the factors that have affected the relationship of corn and soybeans it is necessary that we take a look at the reasons why soybeans came into the regions of the United States that raised corn as the predominant crop.

Due credit must be given to the American Soybean Association which after its founding in 1920 continued to hammer away at the feasibility of introducing soybeans as a crop in U. S. agriculture. With widely known innovators such as Henry Ford hailing it as a "wonder crop" and actually demonstrating the many uses to which soybeans may be adapted in the plastics field, farmers realized that the soybean held great possibilities for them. They were quickly made aware of the fact that soybean oil worked well in the manufacture of paints, edible oils, margarine, plastics, and many other uses in addition to oil meal being an excellent feed for livestock in balancing starch rations.

In 1925 there were enough farmer innovators to raise 415,000 acres of soybeans for commercial beans in the United States and a total crop of 4,800,000 bushels. However, it was not until 1930 that the total acreage crossed the million-acre mark which brought forth a total yield of 14 million bushels and a national average of about 13 bushels per acre.

About this time the great depression struck and with the drought of the early thirties the acreage held to just about the million-acre level for 5 years. However in 1935 enough farmers had seen their neighbors profit by the raising of soybeans to cause the acreage to jump to almost 3 million acres. By 1940 it was just

shy of 5 million and with the stimulus of the war it went to about 11 million acres by 1945.

In the meantime there had been quite a little acreage planted each year for hay or soil building purposes and it is surprising to note that in 1931 there were 4 million acres planted to soybeans of which only 1,100,000 were harvested for soybeans. By 1945 total raised for hay purposes had dropped to a very small portion of the amount harvested for beans.

Yields continued to climb during this period with the national average going above 20 bushels per acre in 1946. Between that time and now yields have fluctuated in this vicinity but reaching 24 bushels per acre in 1958 and 1959, with harvested acreage hitting about 24 million acres now.

The Basic Reason

There is just one basic reason why soybeans have crowded into U. S. agriculture to a point where they are one of the major crops—financial return per acre. Over the years, soybeans will yield the second highest net income per acre of any other crop that we raise in the Cornbelt unless an excellent season for soft red winter wheat occurs in the states of Illinois, Indiana and Ohio.

As one farmer after another discontinued raising his own power in the form of horses, hay, pasture, corn and oats, prices for these products weakened as the demand diminished for them. This was especially true of oats and hay. It is estimated that about 25% of our land area was used for the production of farm power during the period of the horse. With this market for the product of the land gone new crops were needed. Soybeans were ready to go and were part of the answer.

Thus when looking at the expan-

sion of soybeans in acreage it is apparent that as tractors moved onto the farms so did soybeans. A tractor equipped farm could handle more acres of row crop in proportion to the total crop land of the farm each season, and with this more expensive form of power, the farmer was forced to turn to high income producing cash crops to meet his higher overhead. Soybeans met this qualification.

Furthermore, farmers through various media of information found out that soybeans if inoculated took no nitrogen from the soil and if the land was level acted as a real good soil conditioner besides. Many farmers operating a cash grain setup in the western Cornbelt turned to a corn-soybean rotation, completely eliminating oats and meadow from the rotation by use of commercial fertilizer during the corn portion of the rotation. In the eastern Cornbelt the rotation became corn, soybeans and wheat. Although new soil insecticides are eliminating many corn enemies such as root worms, cut worms and wire worms, most farmers have used soybeans as a rotating crop with corn, if all crop acres are farmed as row crop in order to avoid too high a buildup of the soil enemies of corn which occurs when continuous corn is practiced. This has been a minor factor favoring soybean planting in the Cornbelt.

Over the years farmers have found that soybeans will return about 80% as much gross cash income per acre as corn with a growing cost about equal to corn. Corn requires a higher investment in the form of commercial fertilizer to obtain high yields but soybeans require an investment in hand labor in order to cut the weeds from the soybeans after the beans have been laid by.

The hand cutting of weeds in soybeans has been a big factor in deterring some farmers from rais-

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ing soybeans, especially if it is difficult to hire hand labor. Recent herbicide introductions have overcome part of this objection, but if used, per acre costs of raising soybeans increase substantially. If weed sprays for soybeans can be developed that are as effective as 2,4-D is in the control of weeds in corn, then soybeans will compete even more with corn for Cornbelt acreage provided the cost is not too high.

The following experience is an example of the effect of weed control in deciding whether to raise corn or soybeans: Four years ago in an attempt to increase the interest of our farm operators in McCook County of eastern South Dakota in raising soybeans I offered to the operator having the highest soybean yield that year in that county an all expense paid trip for himself and his wife to Mexico the following winter. As a result all the operators in our group of farms in that county did raise soybeans that year but a number of them failed to follow good cultural practices despite detailed written and verbal information from me.

Where farmers did not have rotary hoes available to bring small weeds in the row under control at an early stage, I recommended that harrow-

ing across the planted rows in the midafternoon on a sunny day with a spike-tooth harrow would keep the rows cleaned. Practically all farmers were afraid to do this despite my assurances that the crop would stand it. The less intense methods of growing corn in South Dakota when applied to soybeans left this group of farmers with weed infested fields that were so discouraging that most of them did not bother to cut the cockleburrs or sunflowers and the result was that only three or four operators really raised a good crop of soybeans. Since that time two operators have continued to raise soybeans and the rest have reverted to corn farming.

In the area of eastern South Dakota corn ordinarily does very well but it is just far enough west that humidity is generally lower in mid-summer and soybean yields decline as a result on a general basis. If corn makes 50 bushels to the acre, soybean yields will not run more than about 18 bushels per acre. You can thus see that beans are a poor competitor with corn for land use in such an area, especially if intensive hand cutting of volunteer corn and noxious weeds must be done besides. The availability of hand labor to cut weeds in soybeans is an

important factor in a farmer's decision whether to raise soybeans or not to. As mentioned before, however, this factor will decline in the very near future as weed herbicides become cheaper and are used by more and more farmers on soybean fields.

Growth in New Areas

It has been interesting to watch the inception of growing of soybeans in new areas. Last September a number of us from the National Corn Growers Association visited the annual High Plains Field Day at its experimental farm in the Panhandle of Texas. Soybeans are just being introduced there but it is apparent that under the irrigation practiced in that territory soybeans have a definite place. The limiting factor is finding elevators and mills that are willing to handle the small crop at this time. It is a matter of economics to the grain elevator, and until a large volume can be assured that will justify the construction of special bins and equipment, soybeans will be at a disadvantage in this area even though they bring excellent yields when grown. Thus, we see the importance of ability to handle the crop from the time it is

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"The farmer likes soybeans because the market for them expands continually"

harvested until it has been processed.

Naturally, the price received by a farmer the year before for his soybeans and corn is a definite influence on whether the farmer decides to raise a small, a large, or no crop of soybeans the ensuing year. With price supports and no acreage control on either soybeans or corn at the present time the farmer only needs to evaluate his probable yield possibilities if he has level land, knowing that he has a guaranteed price on both the corn and soybeans at certain levels of relationship.

On Rolling Land

The farmer will, with rolling land, hesitate to plant soybeans on it even though he would like to rotate his land between soybeans and corn. It is commonly known that land that has been planted in soybeans erodes very easily the following winter and spring. Much more so than if in corn. Therefore, the farmer with rolling land is very hesitant to plant soybeans on it unless he is planting on the contour. Even then erosion is difficult to control.

The factor of storage and ease of handling is one that also enters the picture. It is much easier for a farmer to combine soybeans in the field and deliver directly to the elevator or put it in the bin on the farm than it is to go through the process of picking the doubly bulky ear corn, hauling it in, elevating it into corn cribs, then later on shelling it out with the necessity for handling the corn cobs and either replacing the shell corn in farm bins or else delivering it to market. Of course, in some cases the corn is ground whole in the ear or is cut for ensilage. In other cases, and coming more to prominent use, corn is harvested with a picker sheller and taken directly to driers or else put in hermetically sealed glass lined silos. With only a small portion of the crop harvested with picker shellers as yet, soybean harvesting is still by far the easiest to harvest of the two crops. Soybeans can also utilize the same combine that is used for harvesting oats, barley, wheat or rye. As time goes on, we will probably see more and more combines with corn picker heads so that the same machine can harvest small grains, soybeans and corn. This will eliminate some of the considerations given to machinery at present.

So long as approximately the same equipment can be utilized by a farmer to raise several row crops he will interchange these row crops according to their economic return to him. Since corn machinery can be easily adapted to the growing of soybeans by the placing of soybean planter plates in the planter and a little greater seed capacity in the planter boxes through the use of tubes, beans will continue to be planted with corn planting and corn cultivating machinery even though higher yields could be obtained if the rows were drawn in from approximately 40-inch rows to around 24-inch rows. We know that about 15% increase in soybean yield can be obtained by squeezing the rows down to around 30 inches, but few farmers can see the economic return that would justify putting more money into a special cultivator and modifying their corn tractor to use it, plus making extensive changes on the planter.

Then when cultivation time comes the farmer would have to either change the cultivator on his tractor or else have one tractor given over entirely to the mounting and use of a special bean cultivator. This of course eliminates most farmers who have but one tractor cultivator or who want to have all their tractors available for cultivating corn at peak cultivating periods. As time goes by and the cost of weed herbicides for controlling weeds in corn and soybeans decreases, this may be a declining factor and we will see more close planting of soybeans which will result in higher bean yields and in greater competition for land use by soybeans.

Another major factor working in favor of the use of soybeans on the average farm in the United States that can grow row crops is the fact that its time of planting can be adjusted to the planting of other important row crops. As an example, in the Cornbelt corn does not do its best unless planted between the 5th and 25th of May. However, soybeans can be planted between the 20th of May and the 1st of June with the expectation of a maximum crop. This enables the farmer to plant a high row crop acreage without getting over into the danger zone on corn. Furthermore, if a real wet spring strikes such as this spring, farmers can shift from the intended planting of corn over to the planting of soybeans. There are many early maturing soybeans which allow the

average farmer to plant soybeans up to the first of July and still get a crop that will mature.

Farmers also know that soybeans can be planted on ground that has been worked a little too wet and will then do much better than corn. They furthermore know that soybeans can stand more flooding in wet weather and still come through and make a good crop. Soybeans tend to come closer to raising a normal yield on poor land than does corn but conversely corn will make double the average county yield on high fertility land while soybeans will probably not go more than 60% above the county average on the best yields. Consequently, it is reasonable to raise a higher acreage proportion of soybeans on poor land and a little more corn on the best land.

Many livestock farmers raise no soybeans because they need all the corn they can raise for their feeding operations.

I have evaluated a great many factors affecting the relationship between corn and soybeans but basically the final answer on whether a farmer plants more of one than the other is answered as I previously stated—on the basis of anticipated net return per acre. In conclusion I will say that the farmer likes to raise soybeans if possible. He knows that it is a crop which diversifies his risks and efforts.

A farmer likes soybeans because the market is continually expanding for them and he has been able to get a fair price for them all through the years. He knows too that some years he receives a pleasant surprise with an unexpected runup in soybean prices which corn seldom shares in, and it is the hope of hitting one of these high markets that always places further temptation in front of a farmer to raise soybeans.

With foreign markets abroad continuing to develop for both U. S. grown soybeans and feed grains the market outlook for price relationships between the two groups of grains, especially corn and soybeans, continues to appear to hold at about present levels of relationship. It is my anticipation that both corn and soybeans will be sold in ever-expanding and increasing markets, both at home and abroad, in order to help feed the hungry of the world. If we properly market our crops this will mean higher corn and soybean prices for the farmer.



Soybeans and other crops—III

Factors Affecting the Relationship Between Cotton and Soybeans

By HARRIS H. BARNES, JR.

General Farm Manager, King & Anderson, Inc.
Clarksdale, Miss.

COTTON IS still king in the major cotton producing sections of the Midsouth, but King Cotton very definitely has a queen in Queen Soybean. These Southern States account for 20% of the total crop of over 500 million bushels. The South has risen again, as evidenced by a yield in 1943 of 9.9 bushels per acre as compared to a yield of 23.2 bushels per acre in 1959 and a U. S. yield of 24 bushels per acre last year. In my native state of Mississippi during the last 15 years we have increased our bean acreage 1,000% to a total this year of 1 million acres and have increased our yields per acre almost 100%, from 12.5 in 1944 to 23 in 1959.

My home county of Coahoma is a typical cotton county in the Mississippi Delta, where the income from crops amounts to \$27 million, cotton accounting for 80%, soybeans 15%, and all other crops 5%. Cotton acreages have fluctuated between 77,000 acres to 100,000 acres in the last 5 years, while soybeans have had a phenomenal growth from 37,000 acres to 81,000 acres. Therefore, it can be easily seen that the wedding of King Cotton and Queen Soybean has been a very proper one and competition from corn, wheat, oats, rice, and other crops has been lessened each year. It is true in most Delta counties that the soybean acreage is about the same as the cotton acreage. At the present time, Mississippi ranks eighth in total production. With an increase this year of 3% in soybean acreage, it will, with its 1 million acres, try and top the national average yield per acre.

No doubt, if you were to single out one factor responsible for the expanded production and economic growth of the soybean in the cotton-producing South, I feel that research would head the list. Dr. E. E. Hartwig of the Delta Branch Experiment Station at Stoneville, Miss., is the daddy of the southern soybean. As coordinator of the southern soybean

work, Dr. Hartwig has done a wonderful job in his breeding and selection work, to perfect varieties that will produce well, hold the beans in the pod, and resist the diseases common in this section. As most of you know, Dr. Hartwig has been primarily responsible for the release of the Lee, Hill, Hood, Dorman, Ranoke, and Jackson varieties. It is impossible to estimate how much he has added to the wealth of the South with the release of these varieties.

He has also done much outstanding work on cultural practices, such as dates of planting, rotary hoe work, and planting in sod with the double-disk opener, not to mention work on soybean diseases and his efforts to develop beans of high protein content. I am sure we farmers will never be able to repay him for the success he has brought us in the soybean field since World War II.

With research, better varieties, and cultural practices, the extension service through its county agents has with meetings, newspaper articles, and personal contact endeavored to make the cotton farmer accept the soybean as a real profitmaker and has striven to make us quit treating it as a stepchild. Today, much more attention is being given the soybean as a result of this missionary work by the extension service and the satisfying results are easily shown in increased acreages and income.

Look for Other Crops

In the past, the cotton farmer has looked for other secondary crops that would work well with his cotton machinery and layout, and after trying corn, wheat, oats, rice, vegetables, and other crops, most of the farmers have settled on soybeans as the secondary cash crop. This is not to say that these other crops are not grown. They are grown to meet a demand for feed, and in the case of small grains, to rid ground of nox-

ious weeds with a program of summer fallow in connection with the grain crop.

In the cotton country, we have so-called cotton land that is planted almost continuously in cotton, although rotation would help in almost every case. This cotton land is usually the easiest to work and usually the most grass-free. Beans are finding more favor as the years go by. At the present time, there is more rotation with cotton and soybeans than any other crop, as the soybean has been found to leave land in better shape as far as the grass and weed problem is concerned. As has been stated, with more attention being given to beans, more work is being done on pre-emergence with chemicals and chopping or roguing of the bean fields during the growing season. This has made for greater yields, easier fields for combines, and less grass and weedseed for crops to follow in the future.

We have found, too, that soybeans work in well with our cotton in the timing of the crop and with the better utilization of our cotton machinery. Thanks to Dr. Hartwig, we wait now until May 1 to start planting our beans, whereas in the past we have had a real rat race trying to plant the cotton and the soybeans about the same time in the middle of April, resulting in poor planting of both crops and reduced yields and extra weed control costs in the beans. Very few beans are planted prior to May 1 and our planting continues until after the small grain harvest, when we usually plant in the undisturbed sod with the double-disk openers and are able to put our seed in the moisture for fast germination, with very little expense in land preparation.

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Our bean land is prepared with our cotton equipment and is planted in much the same manner. We usually plant on a slight bed with a four-row planter that has had the cotton plates and bottoms removed, and the bean bottoms and bean plates installed. We do have some bunching of beans, due to the flexible seed tubes on some planters, but generally the cotton planters work very well and we are able to get our recommended 12 to 15 seeds to the foot.

Cultivation is done with our regular cotton cultivators, usually set up for 38- to 40-inch rows. It is a simple matter to go right into a bean field from a cotton field and not change the settings on the cultivator. Our beans are plowed until they lap in the middles or at a time we feel that we are doing damage to the beans, even with fenders on the cultivators.

Harvest is principally with self-propelled combines with 12- to 16-foot cutterbars. These same combines are used earlier in the year for the harvest of small grains or clovers. They are generally used more during the year than the mechanical cotton picker that works about 60 days per year. There is much interest in the South, as there is elsewhere, in the close-row spacings of soybeans. This type planting is easy for us to accomplish with the rear mounted tool bar type planter and cultivator. Cross planting with regular width planters has also been done on clean fields or fields where broadcast chemicals have been used with much the same increases in yields. It is also common now to see most farm trailers built to haul

either soybeans or cotton, with solid metal sides built up to the bean load limit and the higher sides made of expanded metal to accommodate the greater quantities of the lighter cotton.

For the most part, cotton takes the high road or the high sandy ridges, and soybeans take the low road, or the lower depressional clay soils. Most of the varieties are well suited for this type of soil and do well, after the farmer has successfully gotten them up to a good stand. Some of this land, being so low, is planted to an early maturing variety to enable the farmer to harvest the beans before the winter rains make combining impossible and to also enable the farmer to break or prepare this land in the fall and avoid the pitfalls of trying to prepare "buckshot" ground in the spring for planting.

Beans have not done too well on some of the lighter soils and this has worked out very well in shifting the cotton and the corn to the higher ridges. One reason that chemicals probably have not shown up too well on beans is the fact that all pre- and post-emergence chemicals tend to perform better on the lighter soils.

In our area, we do not feel that we have satisfactory chemicals to control the grasses and weeds in our soybean fields and we are looking forward to the day that we can obtain good chemical control of weeds and grasses—Johnsongrass, bermuda grass, coffee weed, nutgrass, and other grasses that are common to the heavier soils that are principally devoted to the production of soybeans.

This year for the first time, the Department of Agriculture has permitted the planting of any number

of rows of soybeans in our strip-planted cotton, that is cotton planted four rows and four rows fallow. In these skips, some of us planted two normal rows, four normal rows, and in some cases, four close 24-inch rows. These beans for the most part were planted late in June so as not to detract from the cotton yields. We have high hopes of making good yields on these late planted beans, and also that the beans will not draw too heavily on the moisture and nutrients required by the cotton to reduce the cotton yields.

These beans will be harvested with 8- to 10-foot header combines and in some cases will not be harvested until after the cotton harvest is completed, when the combining can be done with the regular wide header combines.

So you see, we have not interplanted beans with cotton at the present, but we are planting side by side. With this practice, also, we will rotate the cotton to the bean land in the following year, and take advantage of the humus left by the bean crop.

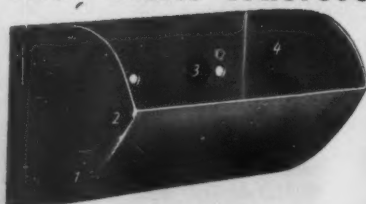
The four close rows present problems in cultivation, but the four and two normal rows offer no problems in cultivation, poisoning, or defoliation with ground machinery. We feel that the beans will benefit from the extra space on the outside rows much the same as cotton does, and it could mean, as it does in cotton, an increase in yield of 30%.

I feel that the future holds much for soybean production in the cotton-producing areas of the South. It is felt that most farmers will continue to do a better job each year with the production management of this crop. Of course we are limited in cotton production by acreage restrictions. Should these limitations remain the same, I look for larger acreages and more return per acre.

Much land is being fallowed and planted to small grains each fall, with the purpose in mind of cleaning and ridding the fields of weeds and grasses to the point that soybeans can be satisfactorily grown. This land will come into production during the next year or two. Should the planting of beans in the fallow strips prove to be a good practice, I believe a considerable acreage will come in here.

We have set our goals at an average 35 to 40 bushels production. With average costs of production running \$20 to \$25, there can be a very nice cash income for us on this crop. We have good markets at the oil mills and elevators, and most farmers have storage of some sort.

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Factors Affecting the Relationship Between Rice and Soybeans

By JOHN W. WHITE

Vice President for Agriculture,
University of Arkansas

THE DEVELOPMENT of soybean production in the rice area of Arkansas is adequate proof of the acceptability of the crop as a good source of income. A number of factors are associated with the growth of the crop and its continued importance. The factors deserving special mention and consideration are:

- 1—Crops produced on rice farms.
- 2—Comparison of income from rice and soybeans.
- 3—Early and continued aggressive leadership.
- 4—The availability and continued growth of handling facilities and a market structure.
- 5—Technical factors such as:
 - a—The need for a satisfactory crop to use in rotation with rice.
 - b—The suitability of soil and the availability of irrigation facilities.
 - c—The availability of equipment.
 - d—Reasonable income from the enterprise.

Recent trends in the proportion of the acreage on Arkansas rice farms devoted to various crops show what has happened to rice and other crops (table 1). Four items stand out as significant:

- 1—Rice acreage decreased from nearly 40% in 1953 to less than 30% in 1959.
- 2—Soybean acreage increased from 21% or less in 1953 to over 50% in 1959.
- 3—Lespedeza, oats and other crops have decreased or remained static.
- 4—Idle land decreased from approximately 30% in 1953 to 5% or less in 1959.

The acreage decrease for rice, the high return crop, resulted from acreage control programs. The increase in the acreage of soybeans to

the point where the crop occupies over 50% of the land reflects the acceptability of the crop. This acceptability of soybeans is further confirmed by the decrease in the acreage of other crops and the decrease in the proportion of land remaining idle.

Soybeans are important to the economy of the rice producing area (table 2). Soybeans occupy 2.6 times as much acreage in Arkansas County as rice. The gross value of the soybean crop is only slightly less than the value of the rice crop. We think of Arkansas County as being a rice county. We might as well think of it as a soybean county. The gross value of the soybean crop in Arkansas County is just under \$10 million. Surely the economy of any county is stimulated by an annual value of \$10 million, particularly when you add to this the farm supply and marketing activities related to the soybean crop.

Soybeans as an important crop did not develop over night or by mere chance in the rice area. Many long hours of exacting and aggressive leadership went into the early development of suitable varieties, seed handling, production practices, storage facilities and market outlets. The fairly recent upsurge in acreage has been accompanied by even more aggressive leadership and consequent development.

While the influence of seed for planting on production cannot be measured in exact terms, the activity has no doubt stimulated soybean production in the rice area. The available land, equipment, storage and seed-handling firms in the area have provided a market superior to the oil mill market. Now since volume has increased, the rice area stands a good chance of being, not only a seed center, but a crushing center as well. Farm and local mar-

ket facilities for rice and soybeans are competitive to some extent. However, joint use occurs and makes for a more intensive use and resulting lower costs.

Soybean production in the rice area ties in closely with the need for a suitable crop to grow in rotation with rice. In past years, before the prevalence of weed killers and suitable fertility practices for rice, crop rotation was an absolute must. Rotation is still desirable and since rice acreage allotments exist, another income producing crop is a must. Many of the important weeds usually found in soybeans in the South such as Johnson grass, morning glory and cockle bur are not important problems in the rice area. Conversely, serious weed problems associated with rice are controlled by a clean cultivated soybean crop.

Soil Suitable

The basic resource, soil, in the rice area is suitable for soybean production. Soil which is well suited for rice production is not in all cases well suited to the production of certain other crops common to the South. Thus, the easy shift from rice to soybeans has in the past been a big factor in stimulating the increase in the importance of soybeans.

Irrigation equipment and technical know-how in water use practices are important factors in the production of soybeans in the rice area. Since a water supply and proper irrigation practices are absolutely essential for rice production, it naturally follows that water may be available for supplemental irrigation of soybeans.

Experimental data show that for the 5-year period, 1955-59, irrigated soybeans produced an average of 41.7 bushels per acre compared with 33.7 bushels for non-irrigated soy-

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Soybeans have become an important crop on rice farms in the South

beans, or a difference of 8.2 bushels per acre (see table 3). It is important to observe that the lowest yield from the irrigated plots was slightly greater than the average for the non-irrigated plots. One may conclude from a study of the irrigation data that reasonable yields may be obtained for all years. This is significant in that an annual farm plan may be followed with a high probability of success. With present day high costs, it is difficult to stay in business with years of famine and years of feasting.

Since evidence shows that average higher yields may be obtained with supplemental irrigation, the question of the cost of irrigation is of prime importance. An economic analysis shows that returns to land and management averages from \$8 to \$12 per acre more for irrigated than non-irrigated beans. The \$8 increase may be expected in high cost water areas and \$12 in relatively good or low cost water areas. Again we observe that returns on non-irrigated soybeans are highly variable as between dry and wet years. We may conclude that greater returns occur for irrigated soybeans and that this return is more uniform over a period of years.

The availability of equipment on rice farms is a big factor in the transition to soybean production.

TABLE 1. PROPORTION OF CROPLAND USED FOR CROPS OTHER THAN RICE, SELECTED RICE AREAS, 1955-59¹ (percent)

Area ²	Proportion of cropland in: ³					
	Rice	Soybeans	Lespedeza	Oats	Other	Double cropped and idle cropland ⁴
Grand Prairie area⁵						
1953	39	14	10	10	..	6 29
1954	42	16	11	14	1	7 20
1955	29	25	15	19	1	10 20
1956	26	33	10	22	1	12 16
1957	26	38	2	20	1	8 15
1958	27	50	2	11	1	5 10
1959	27	53	2	15	2	9 5
Northeastern area⁶						
1953	37	21	4	..	4	.. 30
1954	39	26	6	2	5	.. 17
1955	28	31	8	3	8	2 20
1956	26	45	6	1	7	1 12
1957	26	41	6	3	8	1 13
1958	26	53	3	..	5	.. 10
1959	26	59	2	1	6	.. 3

¹ From unpublished data prepared by Gerlow, A. R., and Mullins, Troy, for the Arkansas Agricultural Experiment Station and USDA. ² The sample farms in the Grand Prairie area averaged 613 acres of cropland, and farms in the northeastern area averaged 566 acres of cropland. ³ The percentages do not total 100% for some years. On some farms cropland pasture was reported but it was not included among the secondary enterprises. ⁴ Included fallow land on some farms. ⁵ Arkansas and Lonoke Counties. ⁶ Craighead and Poinsett Counties.

Joint use of irrigation facilities has already been discussed. Rice production requires a great deal of equipment and technical know-how in operating the equipment. Much of this equipment is available for use on other crops. By adding a row planter and row cultivator, most rice farmers are in position to move ahead with soybean production. The additional use of equipment for soybean production reduces cost to rice production. Since soybeans can bear their share of the cost, the additional use results in higher net incomes for both crops.

A view of costs and returns for rice and soybeans gives approximately \$87 and \$30 respectively as returns to the operator. It is evident that the per-acre returns to rice are almost three times as great as to soybeans. Of course this is based on present price relationships. If the price for rice should decrease, the position of soybeans would improve. Likewise lower prices for soybeans would change the comparative position for rice. However, if allotments continue, the position of soybeans will be determined in relation to other crops such as oats and lespedeza. The price of rice would have to take a sharp drop, down to \$1.60 or \$1.75 per bushel, with soybeans at present prices to permit soybeans to substitute for rice. Prices for other crops grown on rice farms would have to improve considerably before they would displace soybeans. Thus, we would expect soybeans to hold their present relative position

TABLE 2. COMPARISON OF BASIC ECONOMIC FACTORS FOR RICE AND SOYBEANS IN ARKANSAS COUNTY, 1959¹

	Rice	Soybeans
Resources used—		
Cropland acres	68,200	182,700
Cash prod. costs ²	dol. 4,092,000	4,567,500
Labor used ³	man hours 852,000	1,323,710
Tractor use ³	hours 340,000	803,880
Combine use ³	hours 41,000	73,000
Total production ⁴	2,353,000 cwt	4,749,000 bu
Gross value of crop ⁵	dol. 11,510,000	9,972,900
Returns to operators ⁶	dol. 5,933,400	5,481,000

¹ Unpublished data prepared by Troy Mullins. ² Includes cash cost only (no overhead)—\$60 and \$25 per acre respectively. ³ Per-acre requirements for rice are 14.4 man hours, 4.5 tractor hours, and 0.6 combine hours. For soybeans they are 7.3, 4.4 and 0.4 respectively for man, tractor and combine. ⁴ Production is from crop reporting service. ⁵ Based on estimated average price of \$4.90 per cwt. for rice and \$2.10 per bu. for soybeans. ⁶ Figured at \$87 per acre for rice and \$30 per acre for soybeans.

in the cropping system for rice farms.

In summary, we find that soybeans have become an important crop on rice farms. Soybeans are a real economic asset in our rice producing counties. Farmers and business people in the rice area have been aggressive in developing the crop. Good handling and storage facilities exist and are operated well. Technical assets of rice farms are adapted to soybean production. Income from soybean production is not as good as for rice. However, the relative position for soybeans at present and in the future is good. Thus, soybeans will, in all probability, continue to be an important crop on rice farms.

TABLE 3. SUMMARY OF YIELD DATA FOR IRRIGATED AND NON-IRRIGATED SOYBEANS ON EXPERIMENTAL PLOTS AND ON SURVEY FARMS, SELECTED RICE AREAS, 1955-59¹

	1955	1956	1957	1958	1959	5-year average
Grand Prairie area						
Experimental plots ²						
Irrigated	34.7	40.0	46.5	40.8	46.3	41.7
Non-irrigated	17.1	28.8	45.6	39.1	37.0	33.7
Difference	17.6	11.2	.9	1.7	9.3	8.0
Survey farms						
All acres surveyed ³						
Irrigated	33.0	32.0	30.0	36.0	32.0	33.0
Non-irrigated	18.0	17.0	30.0	34.0	27.0	25.0
Difference	15.0	15.0	0.0	2.0	5.0	8.0
Estimated yields due to irrigation ⁴						
Irrigated and fertilized	33.0	31.0	32.0	34.0	33.0	34.0
Non-irrigated and fertilized	29.0	18.0	32.0	34.0	27.0	28.0
Difference	4.0 ⁵	13.0	0.0	0.0	6.0	6.0
Northeastern area						
Survey farms						
All acres surveyed ³						
Irrigated	28.0	24.0	28.0	32.0	31.0	29.0
Non-irrigated	13.0	14.0	24.0	27.0	24.0	20.0
Difference	15.0	10.0	4.0	5.0	7.0	9.0
Estimated yields due to irrigation ⁴						
Irrigated and fertilized	29.0	28.0	30.0	29.0	32.0	29.6
Non-irrigated and fertilized	15.0	16.0	26.0	29.0	25.0	22.0
Difference	14.0	12.0	4.0	0.0	7.0	7.6

¹ From unpublished data compiled by Gerlow, A. R., and Mullins, Troy, for the Arkansas Agricultural Experiment Station and USDA. ² Preliminary data furnished by Dr. A. E. Spooner, department of agronomy. A report of these tests will be released soon. ³ Includes all acres reported on, regardless of fertilizer treatment. ⁴ Yields were determined from a statistical estimating equation in which the response from fertilizer application was held constant. ⁵ Yield increase due to irrigation appears to be underestimated, due to the small number of cases in the non-irrigated non-fertilized subclass. On the few farms reporting both irrigated and non-irrigated fields in 1955 the yield increases were from 8 to 10 bushels. Because of the low estimate for 1955 the increase shown for the 5-year period was adjusted to 6 bushels.



Value of the Soybean Crop Improvement Council

An arm of NSPA, the Council seeks to improve the efficiency of soybean production

By HERBERT W. JOHNSON

Research Agronomist, Crops Research Division,
Agricultural Research Service, U. S.
Department of Agriculture, Beltsville, Md.

THE VALUE of the Soybean Crop Improvement Council has been demonstrated in many ways, but my remarks will be confined to some of the most important values as I see them.

First of all the Council should be described briefly because I sometimes encounter people who do not understand or appreciate what it is or what it does. Some folks think the Council is a part of the Growers Association. It is, however, sponsored and financed by the National Soybean Processors Association. It was organized in 1948 and J. Ward Calland has been its only director. The purpose of the Council is to improve the efficiency of soybean production in the United States and it goes about achieving this purpose in various ways.

The director works mostly with individuals who in turn have direct or indirect contact with growers. This is one of the great values of the Council. The opinions, ideas, and enthusiasm of the director have been passed on to research and extension workers, department heads, experiment station directors, mill operators, officials of the growers and processors associations, and anyone else who seemed in need of a little enthusiasm for soybeans; and this has been multiplied many fold by the contacts the various individuals have had with others.

A second outstanding value of the Council is the role it has played as a general spokesman in telling the soybean story. This story has been well told to every segment of the population interested in it and to many who were not interested until they heard it. This is done through approximately half a million copies of Soybean Farming and the Japanese and Spanish translations of this bulletin, and through the color film "Soybeans—the Feature Story"

and the black and white version of the film that has been shown to approximately 20 million people. The Soybean News, a small quarterly publication containing current and pertinent facts about soybeans, has been telling the soybean story since 1950 and is currently sent to 23,000 individuals. The humorous stories of the director also have added greatly to the enjoyment of many and varied meetings of those concerned with soybeans. The "story telling" activities of the Council are thus of great value to all segments of the industry.

A third important value of the Council is that it provides a means of communication among individuals interested in soybeans. This has been especially important to research men working on improved varieties because we need to consider the opinions of industry in planning our work. We have always discussed our problems freely with the director of the Council and had complete confidence that he would present a clear unbiased version of our thinking to representatives of industry. Although we do not expect industry representatives to always agree with our thinking, the means of communicating with them is certainly an important value of the Council.

A fourth and most important value of the Council is its contributions to research. Significant contributions have been made through fellowships and grants in aid to experiment stations. Although these have amounted to a substantial sum of money they actually financed only a small portion of the research which they stimulated. Here again is a good example of the value of the Council's excellently executed policy of stimulating others.

Another important contribution to research began with the formation of the advisory board in 1950 and the financing of an annual meeting of

the members of this board. Seventeen of the 23 members are heads of agronomy departments over the country and as such they can greatly influence soybean research conducted at their stations. The other six members also occupy positions in which they can have similar influence. The attitude of these men toward soybean research greatly affects the research effort in the country. All members of the board probably have a better understanding of and appreciation for soybean research problems as a result of the activities of the board.

A major contribution to research has been made through various educational activities, in cooperation with others, in presenting the needs for soybean research in a manner that has resulted in increased appropriations and allocations of funds to pressing research problems. Few people would argue that research on soybeans is adequate, but it likely would be much less except for the efforts of the Council.

The value of the Council to the well-being of the soybean industry cannot be estimated in dollars and cents but has been and is unquestionably great. Probably no one thinks the need for such activity is less now than in the past. If there is such an individual, he should be reminded of the pressing research problems in the nutrition, physiology, diseases, and breeding of soybeans, and of the need for soybean varieties and cultural practices that will enable the crop to compete successfully with others if and when farmers can freely choose the type and amount of the crops they grow.

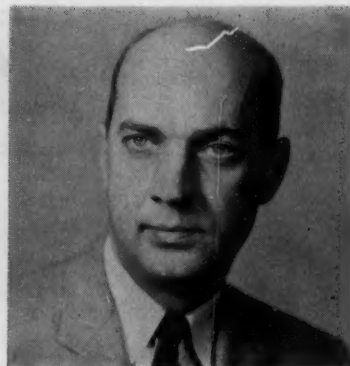
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What Price for 1960-Crop Soybeans?

Farmers are expected to be less bullish
at harvest time this year than last

By T. A. HIERONYMUS

Professor, Agricultural Marketing, Department
of Agricultural Economics, University of Illinois
College of Agriculture, Urbana, Ill.



BEFORE WE begin to examine the supply, utilization, and price prospects for soybeans in the coming year, two general comments appear to be in order. The two are by no means unrelated.

First, 2 years ago at this time we were aghast at the prospect of a 600-million-bushel supply of soybeans. This year we look at anything less than 600 million as being a tight fit in the utilization picture.

I do not mean to imply that we—the soybean industry—were wrong in being apprehensive 2 years ago. Rather, I wish to again underscore the extreme growth in the market for soybean products. This growth has been rapid but also prosaic. It has been based on such mundane things as expanding populations that

require more edible fat, an increasing demand for animal products as per capita incomes increase—particularly in the United States and Europe—and a favorable competitive relationship with other fat- and oil-bearing materials.

I cannot but reflect that producers of other agricultural products might well take a tip from the growth of the market for soybeans and look to market potential rather than continue to be hypnotized by large production.

Second, a year ago I expressed pleasure that the soybean price had been freed from the loan structure. As it turned out, the price was freed from the loan structure but not entirely freed from governmental influence through resale policy. It now looks as if the emancipation is complete. Essentially we can dismiss the loan from our price thinking. Further, the CCC owns a small enough quantity of soybeans to make resale policy unlikely to have a decisive influence.

The year in retrospect. The past year has been an interesting one in regard to utilization-price relationships, and the happenings can be useful to us in looking ahead. Soybean exports increased beyond most expectations, the quantity processed decreased for the first time when supplies remained available for crushing, and the universally buried corpse—oil—came to life.

These several events give pause for reflection. How many soybeans should we anticipate exporting in the years ahead? Our exports have increased from 60 million bushels in 1954-55 to around 130 million bushels in 1959-60. This increase has resulted from decreases in Chinese exports, increased prosperity in Japan, a stronger competitive position of soybean oil in Europe, and an expanding livestock industry in Europe.

The real strength of our soybean

exports in the future will rest in Europe. This strength in turn will depend on the demand for meal in Europe. Livestock consumers in Europe and the United States are competing for the scarce meal supplies. We have an advantage because of our higher purchasing power. Europe has an advantage because of the favorable treatment afforded oilseed crushers by tariff arrangements and subsidies. I expect the percentage increase in soybean exports to be about the same as the increase in domestic crush.

Oil came to life this year because government programs turned out to be larger than expected on the basis of the supply situation in Spain a year ago and a price that was basically below world prices of competing oils. There are two basic lessons here: First, the world's real abundance of fats and oils is in the United States, and the amount is not large in relation to the total size of the world market. Second, when the price of soybean oil is low, it works its way into the markets for competing fats and oils. I expect that some day the competitive position of soybean oil will be as strong in European markets as it is in the United States today.

The use of soybean meal has fallen off in the United States this year. The price has been about the same as in 1958-59. Numbers of livestock have remained essentially the same. Prices of livestock and livestock products have averaged within 6% of 1958-59 levels. Why, then, the decrease in offtake? I think it has been due to overpricing at a critical time.

The European drought caused an increase in meal exports during the first 4 months of the season. The abortive bull market of last fall forced meal prices up. An important feature of that bull market was the strong farmer-holding movement. I think farmer holding had a more

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important effect on price than speculative enthusiasm in futures markets. The third major influence in holding meal prices up was the resale policy of CCC. Soybeans were priced substantially above the loan rate. Extremely weak oil put an upward pressure on the soybean meal price.

The result of these three things was an artificially high price for meal that seriously retarded consumption. The greatest upward pressure on the meal market came at precisely the time when hog prices were the lowest of the season.

I think this situation could have been righted had we had a complete washout of meal and bean prices in February. But the resale price of soybeans prevented such a washout. As a result, it was not until summer that we seriously undertook to price meal at a level that would buy its domestic market back. If the CCC had offered soybeans at essentially the loan price from February on, I believe the carryover of soybeans could have been reduced to minimum working levels. It may well be that we should have a carryover of soybeans to protect against a short crop. But the decision about carryover should be made by the market—not by government.

Supply prospects. Two considerations enter into the prospective supply of soybeans: carryover and production. Both are highly uncertain at this time. The July 1 stock report indicated a substantial phantom disappearance. Either the July 1 inventory undercounted supplies or the crop was not so large as was estimated, or both. In the past the crop estimate plus carryover minus disappearance has been a more reliable guide than the quarterly stock estimates.

At this time I estimate the 1959-60 exports at 130 million bushels, which indicates a last quarter slightly below last year. The last quarter crush may amount to 94 million bushels, or an annual total of 396 million. Seed use was 29 million bushels, making a total disappearance of 555 million bushels. Because the crop is late, the crush of 1960 soybeans in September will likely be some 5 million less than last September. This amount will add to the apparent disappearance.

A total supply of 600 million bushels minus 555 million minus 5 million leaves a carryover of 40 million.

The crop is currently estimated at 548 million bushels, and we must accept this figure at this time. However, again I want to point out that the weather after Aug. 1 will have

an important effect on soybean yields. Since the war, yield estimates have ranged from a decrease of 2.3 bushels per acre to an increase of 3.3 bushels. The average change is about 1.5 bushels. Hence the Aug. 1 estimate should read 548 million bushels plus or minus 35 million.

The upshot of these computations is that the total supply estimate should center around 590 million bushels but will really be in the range of 555 to 625 million. A hard look at the August estimates indicates that no greater accuracy is possible at this time.

Soybean exports. There is an increase in exports of about 15 million bushels per year. But we cannot appropriately apply such an increase to the 1959-60 total. The Chinese crop was down last year, and most of the exports from China went to Russia, where the sunflower crop was quite small. The European drought caused a larger than normal increase. I think it would be reasonable to add a maximum of 30 million bushels to the 110 million of 1958-59, for a total of 140 million. This figure includes an extra 5 million to Japan over their usual rate of increase. But it does not allow for increased exports from China to obtain extra

exchange, which might well happen.

In leaning toward the optimistic side, I am counting on a rapid expansion in livestock feeding, particularly poultry, and rapid improvement in the competitive position of soybean meal in Europe. The chances for exporting more than 140 million bushels would rest primarily on an unexpectedly rapid expansion in the mixed feed industry in Europe, including Italy and Spain as well as northern Europe.

Soybean oil. Edible fats and oils are in abundant supply in the world. Production is increasing slightly faster than population. There is no reason to expect any basic strength in world fat and oil prices. If the price of soybean oil is to increase, it must do so by improving its competitive position relative to other fats and oils. Such improvement is taking place, but it is slow.

Domestic use of edible fats and oils is limited by population. It should increase about 140 million pounds in the next year. Production of fats and oils other than soybean will be slightly less than in 1959-60. A slight increase in butter production appears in prospect. Lard production will likely be down 175 million pounds. Cottonseed oil pro-



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duction will be essentially the same. Peanut and corn oils will be about the same, as will also edible tallow. The increase in population and the decrease in lard should mean an increase of about 300 million pounds in soybean oil use. Probably half of this increase will be offset by a decrease in lard exports.

Carryover stocks in the United States will probably increase by about 150 million pounds. If so, the net gain will be about 150 million pounds, which is very small indeed.

During the current year exports of fats, oils, and oilseeds will amount to the oil equivalent of 3,730 million pounds, up about 500 million pounds from 1958-59 and up 1 billion pounds from the 1954-58 average. Increases in soybean crush in the United States must come from increased exports to replace the decrease in lard and from new demands.

What are the prospects for exports during the year ahead? On the one side is a change in import demand. Mediterranean olive oil stocks will be reduced sharply from current high levels. However, this decrease will be more than offset by a decrease in olive oil production, so a net increase in demand from this quarter appears probable. But it will be small—on the order of 100 million pounds.

Lard exports will probably decline by 150 million pounds. Britain has been an important buyer of lard, and I suspect that much of it has gone into inventory. Lard exports to Cuba will decline.

During the past year European stocks have been built up substantially, probably by 100 million pounds. This will mean a decrease in demand for U.S. production in the year ahead. Because of increased home production the increase in export demand in Europe due to population increase will be very small.

On the other side are competing supply increases abroad. Peanuts grown in Africa will likely produce 150 million more pounds of oil. Copra production should recover enough to make 200 million more pounds available. The unrest in the Congo may reduce palm and palm kernel oil by 200 million pounds. There will be a reduction in Russian offtake, making more Chinese soybeans available.

How do these pluses and minuses come out?

	million pounds
Olive oil	+100
Lard	-150
Stock buildings	-100
Peanuts	-150
Copra	-200
Congo	+200
Russia	-100
	-400

Subtracting this 400-million-pound decrease in export demand from the 3,730 million total of the current year leaves an export demand of 3,330 million pounds of total edible fats and oils during the year ahead. Soybeans will take up 1,540 million, lard 450 million, and other fats and oils 150 million, leaving an export demand of 1,190 million pounds of cottonseed and soybean oils combined, exclusive of increases in P.L. 480 exports. In estimating soybean oil export demand, we can assume a cottonseed oil export of 525 million pounds, approximately the same as this year. This leaves a soybean oil export demand of 665 million pounds compared with 1,000 million pounds during the current year.

The net of my reckoning about the domestic demand for oil is a use of 3,330 million pounds of soybean oil.

All of this leaves us with a soybean oil demand of 4 billion pounds, which requires a crush of 365 million bushels. If we want this crush to be larger, we will have to find new P.L. 480 business, invent a new scheme of some kind, or price oil low enough to get it stockpiled here or in Europe.

None of these things argue for strength in soybean oil prices. We have done very well to maintain an average price of 8¼¢ during the 1959-60 crop year. I think that we cannot do as well during the year ahead. The outstanding possibility

is to pour the surplus oil into India in a fashion similar to wheat. While I am discussing outlook, I cannot resist the temptation to comment that this is a heck of a way to run a railroad.

Soybean meal. I think there will be a substantial increase in the demand for meal during the coming year. The decline in demand during the past year was the result of unusual circumstances that will not prevail next year.

Demand per animal has been increasing through the years as the result of improved feeding practices. I think we are nowhere near the end of this longrun increase.

We are entering a period when feed grain prices will be cheap. So long as the law permits CCC to sell corn at 105% of the support price and CCC owns upwards of 2 billion bushels, there is virtually no likelihood that feed prices will go up. At the same time, the population per capita income increases are causing the domestic demand for livestock products to increase at a rapid rate. It will remain profitable to feed livestock in the foreseeable future.

More specifically, a further increase in broiler production is likely. Population is up, and competition from pork will be reduced. The up-trend in per capita production should continue.

Egg flock requirements should increase somewhat in spite of a reduction in the per capita consumption of eggs. The reduction in per capita consumption will be more than offset by the increase in population. Further, there is a longrun increase in the demand for protein per bird.

The prospective price structure for hogs during the breeding season this fall should encourage an increase in the spring pig crop. This means not only more hogs but more breeding stock and young pigs, both of which are heavy consumers of feeds that contain soybean meal.

With the low price for hogs last winter, farmers ran out of money. As a result, they fed homegrown feeds instead of buying high-protein feeds. They will soon have sold a profitable hog crop and be back in the market.

More cattle are on feed. While cattle do not make up a large segment of the market for meal, some strength from this quarter appears probable.

The most important reason for expecting a sharp increase in the use of meal is the current rather low price. Meal prices are now down

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to a point at which meal is buying its market back. If prices remain below \$50 through the fall quarter, a usage base will be built that will assure a large requirement for the year.

When meal prices exceed \$58 to \$60, use falls off. While I am optimistic about meal demand, I must add that a high level of use rests on a foundation of moderate prices.

With meal priced in the general area of \$50 per ton, a consumption potential of 9.3 million tons emerges. If we place exports at 400,000 tons, a crush of 410 million bushels is indicated.

Our availability figures for soybeans center around 590 million bushels. With exports and seed totaling 170 million and an allowance of

10 million for carryover, the crush potential is 410 million. These computations suggest that the meal from the total soybean supply can be used up if meal prices remain in the area of \$50 per ton.

The current strength in oil, moderate meal prices, and the possible need for the meal from the total supply of soybeans suggest that sometime during the season meal prices will get quite strong, perhaps in the \$60 range.

Soybean prices. If an outlet can be found for 500 million pounds of oil so that exports will be as large as they have been during the current year, it is likely that the total supply can be used up. Eight to 9¢ oil and \$50 to \$55 meal will return a price of \$1.95 to \$2 per bushel to

Illinois farmers. This estimate assumes crushing margins of about the same size as in the past 2 years.

The market will be more liberally supplied with soybeans during the fall quarter this year than last. Holding was an unhappy experience. We should therefore expect farmers to be less bullish at harvest this year.

Summary. The gist of what I have said is: (1) there continue to be expanding markets for soybean for export and for soybean meal; (2) oil continues to be a problem, but demand will increase at moderately lower than current prices; and (3) a continually increasing quantity of soybeans can be absorbed so long as they are priced in the \$1.90 to \$2 range, but higher prices sharply curtail market potential.



Factors Affecting Soybean Prices—I

The Export Prospects for Soybeans and Soybean Oil

By **WALTER W. SIKES**

Director, Fats and Oils Division
Foreign Agricultural Service

WHILE MY comments will be directed mainly to the export prospects for U. S. soybeans and oilseed products in 1960-61, I would first like to touch on the effect of restrictive governmental policies in importing countries on the demand for our soybeans.

The demand for U. S. soybeans is greatly affected by the exports of both soybeans and soybean products. At the present time more moves out as beans than as products. This is the result of policies by importing countries that generally favor oilseeds relative to products and because of higher handling and transporting costs for products.

It would be to our advantage if exports of soybeans versus soybean products were determined solely by competitive factors. To the extent that governmental policies restrict the free play of the market, our total exports are likely to suffer.

We are doing our best to reduce, if not remove, all discriminatory

practices being applied to our soybeans and soybean products, and we have solicited your valuable assistance in this undertaking. For example, we are active in GATT negotiations with many countries, including the Common Market countries and Japan. At the present time Japanese imports of soybeans from the United States are restricted by a quota system. Our information is that Japan still intends to liberalize these imports by April 1961.

Within the Common Market there are conflicting views regarding future policies—some of the countries prefer liberal trade policies while others favor more restrictive measures. We intend to do what we can to assure that policies are as liberal as possible.

How about a little crystal ball gazing on the prospects for U. S. exports of soybeans, and oilseed products?

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me in noting with satisfaction that our exports of soybeans, edible oils and soybean meal are at record levels in the year that will soon close.

Well, what is ahead in the coming year? Can we be optimistic? Yes, I think we can, for we expect another very heavy outward movement of soybeans and edible oils in 1960-61. We expect to operate an aggressive P.L. 480 program for edible oil to help the farmer and the trade in the orderly marketing of the soybean crop. In addition, we

will assist our industry in every possible way to maximize sales of edible oils and soybeans for dollars as it so successfully is doing this marketing year. Should there be increased supplies of oilseeds from other countries competing in our dollar markets, then the task of maintaining exports for dollars would be difficult.

In 1959-60, about 50% of the edible oil is going out for dollars compared with about only 30% in the previous 2 years. Certainly the goal towards which all of us are working is to ex-

pand our exports for dollars. But we have to expect fluctuations in the percentage moving out for dollars though we believe that the future suggests an upward trend.

First let me comment on our current exports of edible oils. By Sept. 30, we will have exported a good 1.4 billion pounds, divided about equally between dollar and program exports. We forecast that exports under P. L. 480 in 1960-61 will be up about one-fourth from the approximate 690 million pounds going out in the current year. About half of the increase would be in the movement of oil to Spain where the olive crop is expected to be down substantially from the one harvested last fall. At the present time, we have a program with Poland for about 65 million pounds, which should move out in 1960-61. This would be about double the 1959-60 level. We think that there will be little change in our program exports to Latin America and Israel.

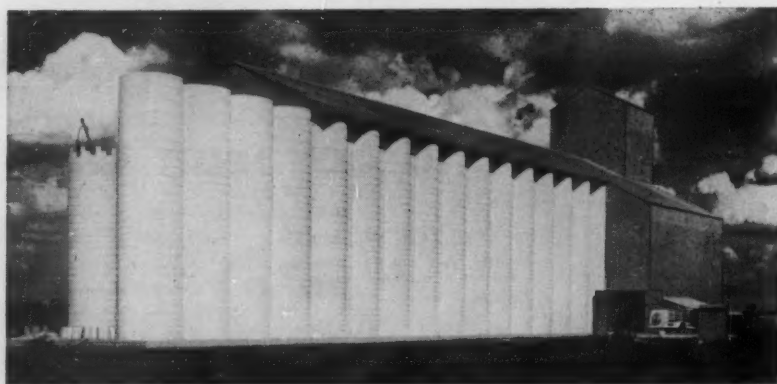
Exports to Pakistan have been trending upward and we anticipate that some increase will take place in the coming year. The UAR possibly will account for a little more and it looks as if Iran and India will for the first time take oil under P. L. 480. We also may hear from Greece this year because their olive oil is expected to be down. Such increases could be partly offset by a decline in the shipment of oil to Turkey where political changes create a confused picture.

What about our competition? It is still too early in the season to take production forecasts seriously. However, we do expect some recovery from the relatively low level in the exportable supplies of peanuts from West Africa. There was some question about lack of rain in Nigeria about 4 or 6 weeks ago, but we understand that conditions recently were satisfactory in that area. We're anticipating a decline in exports of palm and palm kernel oils because of the unsettled situation in the Congo. Exportable supplies of rapeseed from Canada will offset reduced output in France and Sweden. We expect increasing supplies of copra from the Philippines. In fact, there has already been considerable recovery in exports of copra since last fall. Exports of oil from Argentina in October 1960-September 1961 will largely depend on their sunflower harvest next spring.

There is some possibility that Communist China may increase her exports of soybeans in 1960-61 in line with the upward trend of the last 4 years. The information that we



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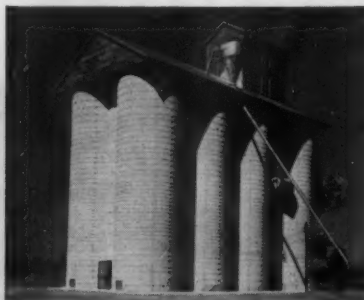
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have on growing conditions in that country suggests that another good soybean crop will be made in Manchuria. This is a crucial fact since Chinese beans for export come from this area. Production in China proper probably can fluctuate considerably without materially influencing the level of soybean exports since these beans are retained within the country and changes in production usually are reflected in changes in the level of domestic consumption. In recent years China has exported only moderate quantities of other oilseeds such as peanuts and rape. There have been reports of drought in China proper in areas where oilseeds are grown. However, these unfavorable growing conditions have not been as widespread as they were last year. Also, the acreage planted to peanuts was a little greater than in 1959 and there was little change in plantings of other oilseeds. Consequently, there is a possibility that production of oilseeds in China proper in 1960 will be a little larger than the year before.

Current information indicates that the acreage planted to sunflower in 1960 in the USSR was at a record level and over 8% more than 2 years ago when they had a bumper crop. Weather conditions for the spring planted crops, of which sunflower is one, have been about normal. Consequently, the 1960 sunflower crop should be up sharply from last year's poor harvest but not as large as the record 1958 crop. If this does come about, Russia possibly may not import in 1960-61 as many beans from China as she apparently now is doing. As a result, a little more of China's beans may be made available to the free world.

We expect a rather sizable decline in production of olive oil in the Mediterranean Basin. This would mainly reflect a sharp reduction in the Spanish and Greek crops although we anticipate that output in Italy also may decline somewhat. Production in Tunisia and Turkey, however, should be up sharply. Last year's olive oil crop in Italy was considered a relatively poor one for a so-called "on year." The year 1960-61 should be an off year but not too far below a year ago.

No one can review the sharp upward trend in our exports of soybeans and soybean oil without a feeling of satisfaction. This is our key oilseed crop and both the United States and the world will tend to place increasing reliance on it over the years to come.

Factors Affecting Soybean Prices—I

From the Processor's Standpoint

By GLENN POGELER

Manager
North Iowa Cooperative Processing Association
Mason City, Iowa



WHEN GETTING involved in any discussion of the factors affecting soybean prices, a person is in about the same position as a man trying to pick up mercury with his fingers. Because all of the factors are interrelated, each factor affects the other and all of the factors affect the whole.

Looking at this problem from the standpoint of a soybean processor, we are liable to come up with conclusions that seem to be directly slanted to the problem of the processor. At the outset, I want it understood that I am interested in crushing soybeans and coming up at the end of the year's operation with a net return in line with the needs for a return on the invested capital. Too often processors are accused of only being interested in cheap soybeans. The truth of the matter is that the net results from processing generally are more profitable at a higher level of prices.

If I were to come to a conclusion in a few words of what really affects soybean prices, I would probably have to boil it down to the following statement: Soybean prices are determined by the selling price of soybean oil and soybean meal. I firmly believe that the consumer of our products is the man who eventually determines the price received by the farmer for his crop of soybeans.

I know many people will argue that soybean prices are determined by the holding policies of the farmers, or by direct government action. I maintain the government has never directly consumed a pound of soybeans and I don't believe it ever will. Since practically all products from the soybean eventually find their way into the human stomach, I will have to give the consumer credit for determining the value of a bushel of soybeans.

I believe a perfect example of the weakness of an argument that the farmers or speculators set the value

of a bushel of soybeans is the financial experience that many of our friends had last year in the market. Last fall the experts and others not so expert made the usual appraisal of the situation and concluded that the market price of soybeans would have to go up to \$2.50 per bushel to the farmer. I read many publications which monthly recommended that farmers should hold beans for the seasonal price rise. Also, many market services were following the same line of reasoning. It seemed to me that their conclusions were almost automatic.

As we review the pattern of market movement the errors in the prognostications become apparent. The price of soybeans actually was determined by competition from a large supply of wet corn. Another dominating factor was the low price of hogs which resulted in the farmer feeding wet corn and no protein to his hogs. The distressed condition of the poultry industry was another major factor in the reduced prices for feeds.

The net effect on the soybean industry was a reduced demand for soybean oil meal and this coupled with a very low oil price forced the mills into reducing the processing crush to balance meal supply with demand. This eventually forced pressure on the soybean market till the price of soybeans gave way. At least it kept the projected bull market from ever getting off the ground.

Since soybean prices are established by the total demand for products, I think it is wise to take a glance at total product demand. Soybeans have found an increasing demand in all areas of the world, and it is my belief that the export demand for U. S. soybeans will continue to increase in the future.



Soybean oil, too, is finding its way into many new markets and is enjoying a spurt in total demand. The low price which we have recently experienced has enabled us to move soybean oil into many new markets. In addition, the continuing increase in population means that the total demand for human consumption should continue increasing for some time. Along with population increases, we have a rapid betterment in living standards in many areas of the world. Those areas in which the total consumption of fats and oils is low can prob-

ably experience a tremendous increase in total consumption which will be brought about as a result of more money in the pockets of the consumer.

As to soybean oil meal the above named factors will pretty well apply to soybean meal and the experts have predicted an increasing demand both at home and abroad for soybean oil meal.

To sum up the effect that these factors will have on soybean prices it would seem to indicate better prices for soybeans in the future. The cold economic facts of life

though are always apparent and the value of a bushel of soybeans still will be pretty well determined by the relationship between oilseed and other carbohydrate crops. All of this is tied into the general economic level in the consuming countries. I personally believe that soybeans in relation to other crops are going to improve their position and with the work being done to increase the per-acre productive capacity of soybeans we will be in a better competitive position.

I continue to be optimistic about the future of soybeans.

Factors Affecting Soybean Prices—III

As Viewed by the Soybean Exporter

By LOREN W. JOHNSON

Executive Vice President, Continental Grain Co.

I HAVE BEEN asked to discuss some of the factors that affect the prices export markets will pay for U. S. soybeans and products. We are aware of the upward trend of utilization of soybeans and George Strayer's prediction that the United States will produce 1 billion bushels within the next 15 years is indicative of this trend, as I am sure that his prediction is based on expected needs.

I would like to touch briefly on the activities of Communist China, our principal competitor in soybean production. According to the Department of Agriculture, soybean production in China was estimated at 385 million bushels in 1959. The best index readily available as to China's export activities are figures furnished by the Suez Canal Authority. During the period Oct. 1, 1959, through April 1960, a total of 27 million bushels moved northward through the canal, destined to Russia, southern Europe, northern Europe and the United Kingdom. During this period China did not ship any beans to Japan. This period's clearances were the highest for any similar period since the war,

and exceeded last year's clearances by 9.7 million bushels.

Thomas C. Mann of the Department of State has written a paper recently about agriculture in Communist China. Nearly 80% of its people live directly on the land. The drive to industrialize is slowly reducing agriculture's contribution to national income. In the meantime, China has to feed a growing population and has to export agricultural products to pay for imports needed in order to industrialize. The Chinese aim towards industrial growth tends to keep living standards at a minimum while it follows the Soviet pattern of translating farm output into investment funds.

Until 1958 agricultural output increased only slightly faster than did population growth. In 1958, it was reported that total production jumped 15% to 20%, largely in grain, sweet potatoes and cotton. China has an underemployed labor force and so its central problem is to increase the productivity of land rather than labor.

Recent speeches and articles indicate that further agricultural advances require mechanization, irrigation and fertilizers, all of which require capital. To help reach its industrial goal, it may first have to industrialize the agricultural sector of its economy. To illustrate where

they stood in 1958, Mr. Mann stated that less than 3% of its land was worked by machines and all of China has one-tenth as many tractors as the state of Iowa had in 1954. China has a population of 650 million people compared to Iowa's 2¼ million.

This sketchy information gives us some background for appraising the near term potential for soybean exports from China.

The largest port of export for soybeans is the port of Dairen which is at the southern tip of Manchuria. Beans arrive in Dairen in railway cars, and beans from warehouses are in bulk, whereas beans arriving directly from the interior are shipped partly in bulk, partly bagged. The cars are shunted alongside the steamer and beans are shoveled into pans which are lifted by ship's winches and dumped into the holds. Information received from the captain of an 11,000-ton vessel which recently arrived in Italy reported that his ship commenced loading on May 10 and finished on May 23. The vessel was worked around the clock to the extent that arrival of railroad cars made that possible. The weight of the cargo was established by calculating the draft of the vessel. Ordinarily, U. S. elevators can load an 11,000-ton vessel in 1 to 2 days on regular time.

In the smaller ports of China, it is reported that beans in bags are carried on board the vessel by coolies and the bags are cut and emptied



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into the holds. A crew of another vessel which recently loaded at a small port has reported that loading operations have worsened, which was attributed to the increased export business. Some objections were raised and the Chinese answered: "If you are not satisfied by our work, you are free to leave our ports to load elsewhere."

This firsthand information indicates that the handling of soybeans in China is still basically a hand operation. This explains why we hear that Chinese beans contain less broken beans and less foreign matter. Our mechanized operations do contribute to some breakage.

Purchases of Chinese soybeans are made from the Chinese selling organization known as the China National Cereals, Oils and Fats Corp., with headquarters in Peking. Until recently European firms maintained offices in China to deal directly with the Peking headquarters but China has lately indicated a preference to deal directly overseas, and also to concentrate sales at trade fairs, to which foreigners are invited. Sales are made for cash, also by barter against metals and sugar. Iron Curtain countries sometimes resell Chinese soybeans obtained by barter.

Chinese Selling Basis

The Chinese sell basis 18% oil analysis with $1\frac{1}{2}\%$ discount for each 1% deficiency, with no premium if oil content is over 18%. The Chinese determine oil content by the ethyl ether method. The admixture at shipment varies from 1% to 2% and buyers accept up to 2% without bonification. If the f.m. exceeds 2%, the buyer receives a bonification of 1% for each 1%, fractions in proportion. Moisture is guaranteed less than 14%. The analysis certificates are issued by the China Commodity and Inspection Bureau, and payment is received in London at sight against presentation of shipping documents.

European crushers do not buy on Chinese conditions so European merchants bridge the gap. The merchants sell on 18% oil content, with $1\frac{1}{2}\%$ discount each 1% below 18%, with the oil content determined by the petroleum ether method used by I.O.S.A. The oil content as determined by I.O.S.A. is usually less than by the ethyl ether method so merchants must allow for this.

The Chinese make sales usually for double-month periods, like August/September. The shipment is generally made the first half of the second month and the voyage to the United Kingdom requires 45 days. The merchants buy C.I.F. and usually sell landed, or/ex the ship, as crushers are reluctant to purchase documents.

It is our observation that Chinese beans generally sell below U. S.

beans in Europe. According to our London office, the widest discrepancy occurred in March when Chinese beans sold as much as \$2.80 per ton below U. S. prices. It must be recognized that China can enter the relatively free European markets at her will, merely by undercutting U. S. prices. During the past year, demand was such that large discounts were not necessary.

A European processor commented that whereas Chinese beans sometimes contain less foreign matter than U. S. beans there is a difference in the kind. The foreign matter in Chinese beans is more dirt and clay whereas U. S. foreign matter is

vegetable matter and not dirt. This makes a small difference in processing. Another report I received indicated that recent shipments were found to contain a very fine dust and longshoremen in Liverpool requested extra money for handling such cargo. To lend inconsistency to this presentation, an opinion was expressed that this might be due to mechanization of harvesting in China.

Since 1958, China has not shipped beans to Japan. Import requirements for Japan now exceed 1 million tons and even if Japan and China made a new political arrangement it seems unlikely that China would supply

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over 150,000 tons, because our understanding is Japan would not import without equal compensation in export. However, there is no indication that an arrangement is imminent.

I would like to repeat that this information about China is meager. It indicates to me that the United States has the opportunity to supply the increasing world needs for soybeans if we continue pricing beans for use rather than storage, and China apparently does not have the production or facilities to supply the demand. However, if we inhibit price movements arbitrarily, we might easily provide an umbrella for speedier expansion of China's activities.

In appraising export prospects for the coming season, the U. S. Department of Agriculture expects total exports to reach about 135 million bushels or roughly equal to this year's exports.

The Japanese import budget for the year ending Mar. 31, 1961, is 1,093,000 metric tons versus 998,000 tons for the past year. During 1959, the United States supplied 951,000 tons to Japan, Brazil 28,000 tons, with the balance in small lots from Asia and Africa. The increased budget is due to improved living standards and population increases. On Apr. 1, 1961, Japan is expected to liberalize imports by discounting dollar allocations, so that importers can buy when it suits them.

Consumption of soybeans in the United Kingdom for the 12-month period ending March 1960, was 260,999 tons compared to 150,000 tons the previous year. A further sharp rise of 50% in consumption is forecast for the coming year by our English friends. A rapidly growing broiler industry plus consumer acceptance of soybean oil is stimulating the consumption.

The requirements for feed grains and protein meals continue on an uptrend in Europe. A recent report from the Food and Agriculture organization sets forth long-term aims of the Common Market area. Stated briefly, their aims are to encourage increased production of beef, pork, poultry and eggs, especially better qualities. The livestock industry is to be stimulated to specialize on beef rather than on dairy animals. Programs of this sort take time to develop, so we can only speculate on the speed of these programs.

For the coming season, the supply of competitive materials is not burdensome. The West African peanut crop is growing under adverse conditions and this follows last year's poor crop. Copra exports are on an uptrend. An off-crop of olives is expected in major producing areas. Russian sunflower seed acreage is reported higher this year, but, as usual, reliable estimates are not

available. In short, the outcome of the U. S. soybean crop, as well as the disappearance of U. S. beans during the first half of the crop year will be closely watched by world traders in oils and meals.

Our exports of soybean meal were up sharply last year due to the drought in northern Europe. A substantial demand developed early in the season at a price of \$76 to \$77 for bulk meal C.I.F. Rotterdam. Prices eventually moved to the \$87 area and demand subsided. Sales are currently being made to Holland and Germany at prices ranging from \$72 to \$73 but on a smaller scale than last year. Domestic price movements will again influence the trend of exports, and it is realized that the crushing capacity in Europe is substantial.

With reference to soybeans, the

Factors Affecting Soybean Prices—IV

The Protein Situation

By ROBERT ALEXANDER

Pillsbury Co.

I WOULD like to split my discussion of the protein situation into two broad topics, the domestic protein outlook and the foreign protein outlook. Although I am not posing as an expert in either of these fields, I do feel a little more competent to discuss the domestic than the foreign picture.

I would like to start by reviewing the progress the vegetable protein field has experienced over the past several years. Although past trends are certainly not foolproof indicators, they usually do help measure the pulsebeat of an industry and should help us develop what might be a logical projection for the future. The following table shows the estimated amount of oilseed cake and meal used for feed during the past 6 years along with an estimate of the usage 10 years from now:

Crop years	Total oilseed million tons	Soybeans
1954	8.5	5.4
1955	9.2	6.0
1956	10.0	7.1
1957	10.8	8.0
1958	11.8	8.9
1959 est.	11.6	8.5
1969 est.	17-18	13-14

How do we justify an estimate

pattern of exports is changing with the advent of the St. Lawrence Seaway. In July one-third of total shipments to Europe originated at Duluth/Superior, and this pattern is continuing for August and September, perhaps at an even higher rate. This is expected to change again in October when new crops are available. The present ocean freight rate from Duluth or Chicago to Rotterdam is \$3.50 per long ton higher than the rate from New Orleans, which tends to divert considerable beans to the Lakes ports.

As exporters, we cannot help but be impressed by the opportunities ahead in exporting soybeans. Along with our feed grain crops, it is a commodity for which payment is largely received in the form of dollars, which attests to the basic soundness of the demand.



that indicates the vegetable protein tonnage will increase by about 50% in 10 years? We have many reasons that make us feel that this estimate may even turn out to be conservative. For example, the growth in population alone will demand a major expansion in the supplies of high proteins. The U. S. census is currently making the following estimates:

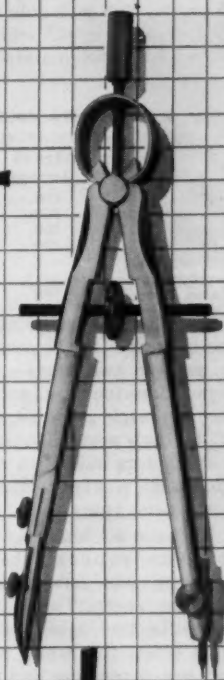
POPULATION—U. S. (millions)	
1940	132.1
1950	151.7
1960	181.2
1970 est.	220.0

The population explosion is important, but of more significance to our industry is the per capita consumption trend that has been developing over the last few years. The following table clearly indicates that not only have animal products gained a much more favored place in the American diet during the past 30 years, but they are expected to continue to gain a bigger share of the market basket during the next

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15 years. You will note that the one exception is eggs, which are expected to about maintain their per capita rate.

U. S. PER CAPITA CONSUMPTION

(Index 1925-29=100)

	1925-29 Average	1956	1973 Projected
Meat	100	122	132
Dairy products	100	108	113
Poultry	100	185	211
Eggs	100	110	109
Potatoes, sweet potatoes, grain, dry beans, and peas	100	68	63

Based on the preceding two tables, the outlook is for animal agriculture to gain in two ways—one through population increase and the other through each person's eating more of the high protein foods. Certainly these factors indicate a real need for additional protein concentrates in the coming years.

We have all heard a lot about the cost-price squeeze that has been plaguing our farmers during the past few years. This is a trend that cannot be overlooked. However, just what effect this trend will have on the soy processing industry in future years is highly debatable. I, personally, feel that it means a big increase in the potential demand for oilseed meals. My reasoning is partially based on the following table:

GROSS RETURNS PER DOLLAR OF FEED COST

	Eggs	Broilers	Turkeys
1951	\$1.70	\$1.52	\$1.97
1953	1.76	1.58	1.83
1955	1.54	1.68	1.77
1957	1.47	1.38	1.42
1959	1.38	1.12	1.42

This table clearly points out the trend toward lower returns per dollar of feed costs. I admit that this trend has probably hurt the demand for protein supplements during the last 10 months. Actually this reduction has occurred quite often in the past when livestock (especially hog) prices were cheap. However, over the long pull, the competition in the animal and poultry industries will probably become increasingly more intense. This competition will force

feeders to utilize the most efficient methods of converting feeds into meat. I believe the demand for protein concentrates should increase accordingly.

In order to avoid being accused of giving a completely biased viewpoint, I would like to mention a couple of factors that will probably temper the domestic demand for vegetable proteins over the coming years. Imports are something that have to be considered in this analysis.

OILSEED MEAL IMPORTS

Crop years	000 tons
1954	95.1
1955	104.3
1956	123.8
1957	148.4
1958	162.1
1959 est.	50.0

At the present time, imports are seriously hampering the domestic demand for oilseed meals. I feel that imports will plague us from time to time in the future, but tend to discount this factor as an unsurmountable threat unless the price supports on beans are held at a level that soy products are priced out of the world markets. Certainly our farmers and our industry can profitably produce products that are competitive as long as some simulation of a "free" market exists.

The other negative factor that I would like to mention is the tremendous supply of grains that is currently available on our farms. Any time that these grains can be fed more economically than oilseed meals, you can rest assured that the demand for protein will suffer. The cost-price squeeze that I mentioned earlier will result in a keen awareness on the part of every farmer to determine the cheapest feed that he can use. We have to face up to the fact that a Midwest feeder will be reluctant to spend "out-of-the-pocket" cash for protein supplements any time he has grain available on the farm. On the other hand, this

same feeder is becoming more "profit" conscious every day and will continue to be a potential customer any time the economics of protein supplements are favorable.

Every time that I start feeling too "cocky" about the outlook for our industry, I am usually reminded of the fact that there are many scientists spending full time trying to research the soy industry right out of business. Obviously, we cannot shut our eyes to such a possibility, but I feel that the odds are strongly against their success.

It is impossible to talk about the long-term outlook for oilseed meals (particularly soy meal) without taking a hard look at the world oilseed picture. Personally, I feel the long-term potential for oilseed meals in foreign countries will be tremendous. However, I would be the first to admit that this potential will not all develop overnight. We are talking about a "sleeping giant" that won't show its full potential until a lot of groundwork has been laid and this means months and years of development. Actually I am pessimistic regarding the export outlook for soy meal over the next few months.

The demand for high protein meal in the major consuming countries has expanded rather sharply during the last few years. This improvement is credited to the rising demand for high-quality animal products and a growing awareness of the importance of feeding nutritionally balanced rations.

For example, Spain has earmarked \$9.2 million of their 1960 budget for the upgrading and expansion of livestock numbers. Of this amount, \$243,000 will be used in establishing a livestock improvement board, an animal biological institute, and for improvement of animal health practice and sanitation standards. The forerunner to this program was the liberalization of breeding cattle imports about a year ago.

These actions are all indicators of the thinking that is slowly taking hold in Europe. In the not-too-distant future we will all look back at the growth of the livestock industry in foreign countries in much the same manner as we now reflect on the fantastic broiler growth in the United States.

Some of this trend has already shown up in soy meal which has recently gained considerable popularity in Western Europe where it is being used in both swine and poultry feeds. This versatility has resulted in a substantial increase in the amount of U.S. soybean meal exported.

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Crop years	000 tons
1954	271.7
1955	400.3
1956	443.2
1957	300.0
1958	512.2
1959 est.	650.0

It is true that the 1959 estimate is inflated by the serious drought in Europe last fall. Naturally, this resulted in an increased demand for grains and proteins. Even though exports are expected to drop some this year due to the current improved feed supply in Europe, the rate of feeding proteins is expected to accelerate over the long pull. The standard of living in Europe has improved to the point that customers are demanding higher quality poultry and meat products. This trend is still in its infancy stages and it will be interesting to see how fast it grows.

In addition to the actual desire for higher protein meals, the financial condition of many European countries has improved to the extent that a surplus of dollars exists which can be spent for protein imports. This favorable situation has just developed during the last few months. Without this ability to buy, demand is relatively unimportant.

Although I am very optimistic regarding the usage of high protein feeds in foreign countries, I am also convinced that the foreign processing capacity will expand tremendously. The actual rate of this expansion will depend heavily on both the agricultural and foreign policy of the United States. I am basically a "free" market advocate and am not here to pound the table for government subsidization. However, if we are to be politically realistic, it must be assumed that either soybeans, or soybean products will be subsidized for export over the long pull.

In summary, I would like to very briefly review some of the trends and opinions I have discussed during the last few minutes.

Trends. 1—Increasing world population. 2—Increasing per capita consumption of high protein foods. 3—Cost-price squeeze. 4—Increasing supply of farm grains. 5—Improving foreign financial condition.

Opinions. 1—Over 50% increase in domestic oilseed meal usage in next 10 years. 2—Continued population explosion. 3—More intense cost-price squeeze. 4—Sharp expansion in foreign meal demand. 5—Significant growth in foreign processing capacity.

Factors Affecting Soybean Prices—V

As Viewed by the Soybean Producer

By JAMES YOUNG, Jr.

Soybean Producer, Crawfordsville, Ark.



I FEEL THAT the producer can in some way help himself by planning for an orderly marketing program of his own production. We all know that the price of beans is lowest during the harvest season in most years, though there have been exceptions. Therefore each producer could help himself by arranging for storage for some percent of his production. This percentage would vary with local conditions. Industry does not attempt to market a whole year's production in 2 months, so why should the soybean producer try to? Each time a storage facility is built, every producer is helped in a small way to realize more for his crop. I believe that both the exporters and the domestic processors will agree that they would rather be able to buy beans as they need them than to have to take the whole crop in a

short period. And they are willing to pay the farmer a reasonable profit for providing storage.

The soybean producer has a wide margin for improvement in selling a quality product. No buyer has much enthusiasm for a load of beans that has excess moisture and excess foreign matter. The producer is hurting himself most, and the entire industry to some extent, every time he delivers a truckload of poor quality beans.

There have been many articles on this subject in the Soybean Digest and other farm publications. The end result of these articles is that the production of clean beans starts with good cultural practices, from

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the first step in land preparation on through combining. Time does not permit me to go into this subject to any length. We could talk for a week about the merits of different methods of growing beans.

But for the purpose of my talk we will assume that the fields are clean of weeds and grass and it is time to start combining. Many beans that are potential No. 1 are reduced in grade by improper combine setting, starting too early or too soon after a rain. There is just no sound

reason for mistreating good beans in this manner. This sounds rather elemental but it needs to be stressed as an important factor affecting the price the producer receives for his beans.

Every combine should be equipped with a recleaner to remove the maximum possible foreign matter from the beans. These recleaners are not expensive, require very little horsepower to run and should be standard equipment on every machine.

The next factor on this subject

may not meet with the approval of many producers at this time, but I am convinced that the ASA as a producer organization should sponsor to an even greater extent a change in the grades and standards of soybean marketing. The discount scale of today makes for adequate penalty for poor quality but it does not reward the producer of top quality with enough premium. With the requirement of 13% moisture and 1% foreign matter the basis for No. 1 beans, why isn't there a premium scale for say 11% moisture and ½% f.m. This additional quality is not difficult to produce but since there is no incentive for it, why should the producer strive for it?

I know that there is support for a program of this sort and I for one agree with it. In the long run it will benefit the entire industry and in more immediate ways the export market will be affected, which will in the end mean more money for the producer.

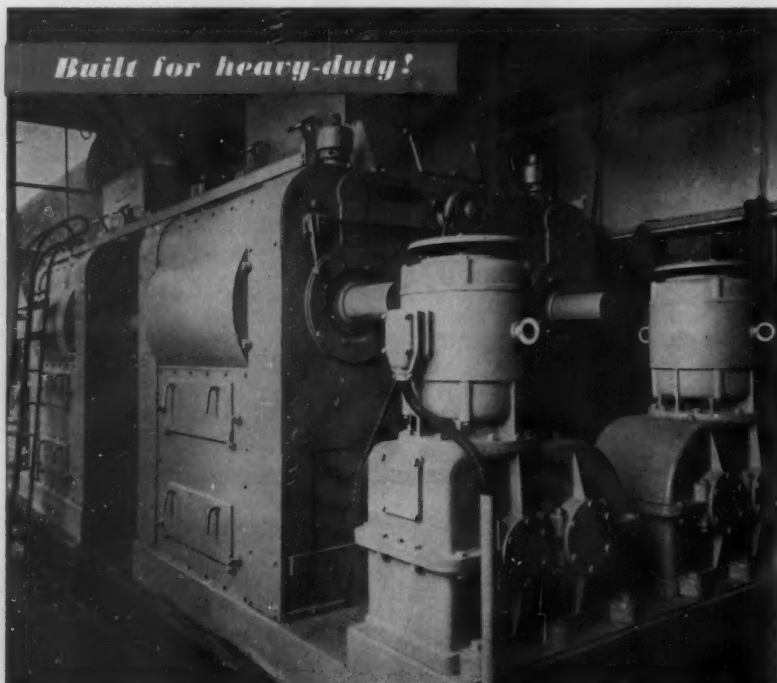
Taking all things into consideration the producer has little effect on the price except for the points I have just mentioned. And I sincerely believe that over the years the producer can help himself more by doing his very best to market a quality product in an orderly manner. The theme of the 1959 convention was "The World Needs More Soybeans." I hope that I have sufficiently stressed that the "World Needs More Quality Soybeans." Quantity without quality will only hurt the industry from the producer to the final consumer.

Honeymead Products Sold To Farmers Union Terminal

FARMERS Union Grain Terminal Association, big St. Paul, Minn., grain marketing cooperative, moved into the soybean processing business Aug. 2 with the purchase of Honeymead Products Co.'s soybean plant at Mankato, Minn. Purchase price was about \$6 million, according to M. W. Thatcher, general manager of GTA.

The Honeymead plant has a daily capacity of 60,000 bushels of soybeans, one of the largest in the country. Annual sales volume has sometimes exceeded \$40 million.

Mr. Thatcher said that Dwayne O. Andreas, Lake Minnetonka, chairman of Honeymead, and Lowell W. Andreas, Mankato, president, will continue as the management of the enterprise which they founded and built into a business with worldwide outlets.



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REPRESENTATIVES of the Soybean Council of America and the U. S. Feed Grains Council met recently in Waterloo, Iowa, to plan a program of cooperation in promoting markets for farm commodities. Left to right, seated: Arun K. Chhabra, the Soybean Digest; Julius Hendel, director Feed Grains Council; Howard L. Roach, president Soybean Council; Joe W. Hammer, director National Corn Growers Association; and James Hayward, Soybean Council director of animal nutrition. Standing: Geo. M. Strayer, executive director Soybean Council; Fred Maywald, Farmers Grain Dealers Association of Iowa; Walter Goeppinger, president Feed Grains Council; Javier de Salas, Soybean Council area director for Spain; William Nelson, executive director Feed Grains Council; and Robert Fischer, assistant to the president of the Soybean Council.

Joint Effort with Grains Council

REPRESENTATIVES of the Soybean Council and the U. S. Feed Grains Council recently held a conference in the Waterloo, Iowa, office of the Soybean Council. The purpose: to bring about better coordination of the various market development groups and to avoid duplication of efforts.

The meeting was held on the invitation of Howard L. Roach, Soybean Council president.

As the first step toward setting up a common body for all the grain associations and commodity groups, the two Councils agreed to coordinate their efforts in promoting the sales of U. S. agricultural products. The Netherlands and Germany, which are two big importers of U. S. soybeans and soybean products, may be the first two countries to see this anticipated cooperation between the two Councils. The Soybean Council has offices in both countries.

The Soybean and Feed Grains Councils also agreed to sponsor jointly the Second International Feed Symposium in Madrid, Spain, Oct. 19-21, under the supervision of James Hayward, director of animal nutrition for the Soybean Council, and John Davis, vice president,

Walker & Crenshaw, Inc., Washington, D. C.

Among those present at the conference were Mr. Roach; Geo. M. Strayer, executive vice president, American Soybean Association, Hudson, Iowa; Fred Maywald, manager of the grain department, Farmers Grain Dealers Association of Iowa, Des Moines; Walter Goeppinger,

president, U. S. Feed Grains Council, Boone, Iowa; Dr. Hayward; Julius Hendell and Joe Hammer, directors, U. S. Feed Grains Council; Davis; and Javier de Salas, the Soybean Council's area director for Spain, Madrid.

Open Council Office In Hamburg, Germany

WITH THE approval of Foreign Agricultural Service, arrangements are being made to open a Soybean Council office in Hamburg, Germany. Dominic Marcello, the Council's director for Italy, will go to Germany to recruit the staff and make necessary arrangements.

The Hamburg office is expected to work in conjunction with the German Oilseed Crushers Association, the German Feed Manufacturers Association and German margarine and oil groups to promote the use and sale of U. S. soybean products.

The Council has been collaborating with the above-named groups in promoting the sale of oilseed meals in Germany since February 1959. On his trip to Germany in July Geo. M. Strayer, executive vice president, American Soybean Association, and Mr. Marcello renewed the contract with the German oil millers for another year.

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CROP REPORT

No Early Movement of 1960 Soybean Crop

THE AUG. 1 soybean crop estimate issued by the U. S. Department of Agriculture Aug. 10 was for a 548-million-bushel national crop. This is about 10 million bushels more than last year on an acreage 1 million larger. Indicated yield of 23.2 bushels per acre was nearly a bushel below last year.

Canadian farmers have increased their oilseed acreage sharply and their soybean acreage by 2%, to 256,000 acres from 251,000 acres last year, according to the Dominion Bureau of Statistics.

The condition of the soybean crop improved over most of the belt during August, but the crop was still late, and it appeared that it will be well into September before there is a substantial harvest. A larger part of the crop than usual will be subject to early frost damage.

Local reports by Soybean Digest correspondents:

Arkansas. Keith Bilbrey, county agent, Blytheville (8-20): Maturity about 7 days later than normal.

Crop movement may begin 3 or 4 days late. Crop had bad start but has made improvement most of summer. Much needed rain third week August. Weeds and grass started worse but more chopping and other control used. Wild fire and other leaf diseases more prevalent than usual but recovery has been pretty good. County yield 7% under 1959.

Illinois. L. Parke Kerbaugh, Stanford (8-20): Maturity 2 weeks late, some later. If we have late fall, 90% will mature. Crop rank and grassy with many weeds. Grasshoppers in some fields, some spraying. Expect lower yield than last year because of water damage last spring.

Indiana. Chester B. Biddle, Remington (8-20): Crop 5 to 10 days late. 10% may be in trouble. Crop condition fair, growth retarded some. Cool nights, slow growth. Moisture adequate. Weed control not as good as normal.

Iowa. Roger W. Leinbach, Rockwell City (8-19): Maturity normal. 95% will mature if normal fall. Crop condition very good. Yield outlook 28 to 30 bushels, about same as 1959. Crop movement will begin in October.

Louisiana. Mark H. Brown, Lake Providence (8-22): Crop week to 10 days late. Late beans now catching up fast. Old beans look good. Plenty rains. One-fourth to one-third crop grassy and weedy due to lack of good control. Yield outlook fair to good but don't see how it can be as good as last year.

Minnesota. Dick Potter, Morgan (8-19): 2 weeks late on average. With late frost all will mature. Late plantings stunted. Earlier planting looking better than 3 weeks ago. August has been very dry. We had an abundance of subsoil moisture or our crops would be hurt.

John R. Thompson, agronomist, University of Minnesota, Waseca (8-22): Crop 2 to 3 weeks behind normal. Some July plantings will be hurt unless frost holds off until Oct. 10. We need a general rain and 6 more weeks of good weather. Yields per acre could equal or surpass 1959 and we must have 25% to 40% increase in acreage in our area.

Missouri. Harold Lumsden, Essex (8-19): Crop averages week to 10 days late. Wide variation in matur-

SOYBEANS FOR BEANS

Soybean crop production, August 1960
Crop reporting board, AMS, USDA
Yield per acre Production

	Average 1949-58	1959	Indicated 1960	Average 1949-58	1959	Indicated 1960
	— Bushels —			— 1,000 bushels —		
N. Y.	16.4	16.0	17.0	103	64	68
N. J.	19.7	26.0	24.0	640	1,144	1,032
Pa.	17.9	23.0	22.0	376	414	374
Ohio	23.0	26.0	26.0	26,686	38,272	40,560
Ind.	23.4	26.0	26.0	44,327	60,112	62,946
Ill.	24.6	26.5	26.0	103,099	125,610	128,050
Mich.	21.0	24.0	23.0	3,164	5,400	5,497
Wis.	15.0	18.5	15.0	975	1,758	1,380
Minn.	19.0	19.0	18.0	34,660	41,667	37,422
Iowa	23.2	26.5	25.0	48,770	63,441	64,050
Mo.	20.0	23.0	23.0	31,870	52,210	56,373
N. Dak.	13.7	13.0	11.5	1,314	3,029	2,438
S. Dak.	14.3	11.5	13.0	1,954	1,576	1,365
Nebr.	21.3	26.0	27.0	2,484	3,900	4,320
Kans.	12.4	21.0	20.0	4,756	9,114	10,420
Del.	17.8	22.5	22.5	1,825	3,442	4,095
Md.	18.6	20.5	20.5	2,480	4,202	4,920
Va.	18.4	20.5	20.0	3,682	5,966	6,100
N. C.	17.8	22.0	23.0	6,114	9,592	11,822
S. C.	12.5	16.0	17.0	2,307	5,920	7,667
Ga.	11.4	16.0	15.0	633	1,392	1,290
Fla.	19.9	23.0	25.0	496	1,058	1,075
Ky.	18.6	24.0	24.0	2,435	3,768	3,864
Tenn.	18.7	22.5	23.0	3,934	7,132	7,728
Ala.	19.4	22.5	22.0	1,833	3,150	3,212
Miss.	16.7	23.0	19.0	8,540	20,769	17,499
Ark.	18.5	24.5	22.0	19,581	56,791	54,560
La.	18.2	24.0	22.0	1,436	3,312	3,344
Okl.	12.6	21.0	20.0	544	1,428	2,200
Texas	120.3	29.0	29.0	244	2,262	2,262
U. S.	21.3	24.0	23.2	361,270	537,895	547,933

¹ Short-time average.

ity and condition. Clark variety will start moving about Sept. 15, 10 days later than normal.

North Dakota. Floyd Poyzer, Amenia Seed & Grain Co., Amenia (8-20): Crop late. Very dry. Many fields not filling at all. Pigeon grass worst in many years. Yield outlook reduced 50% in Red River Valley.

Ohio. Lewis C. Saboe, Ohio State University, Columbus (8-22): Maturity about normal. 95% will mature. Crop condition good to excellent, except Williams and Defiance counties. August weather conditions in general very favorable. Weed control very satisfactory in general. Phytophthora root rot widely scattered and serious in some localities. Some early planted fields (2%) will move early.

Ontario. Richard Smith, Tilbury (8-20): Crop good condition but late. Some stands poor. Ragweed, wild sunflower, foxtail make some fields look bad but may not reduce yields. Root rot quite prevalent in Harosoy variety. Recent survey of all growing areas in Ontario estimated crop yield at 87% of normal taking into consideration extra acreage and normal frost date.



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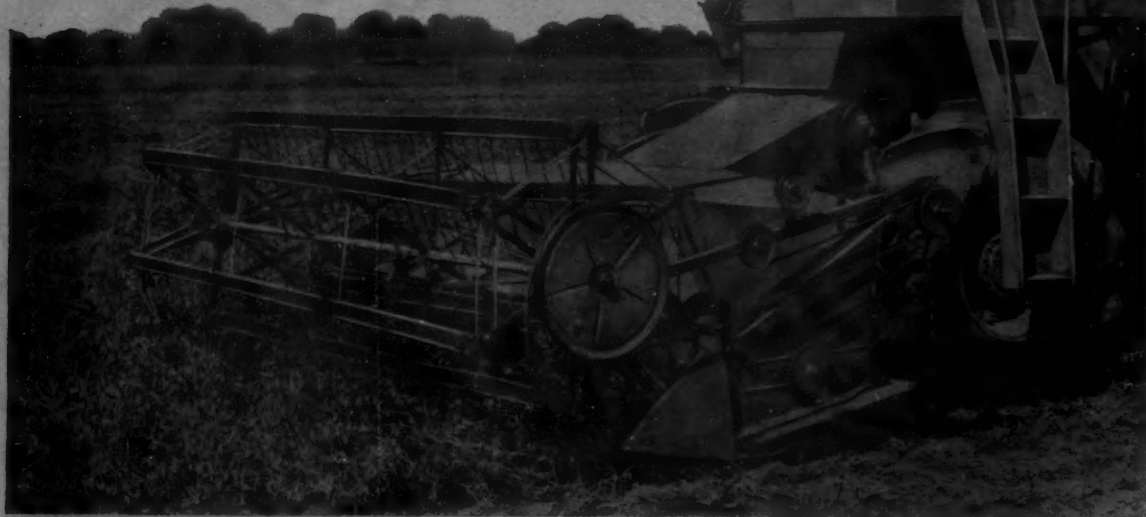
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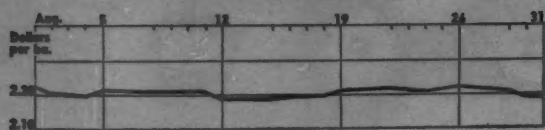
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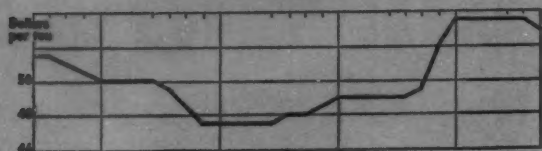
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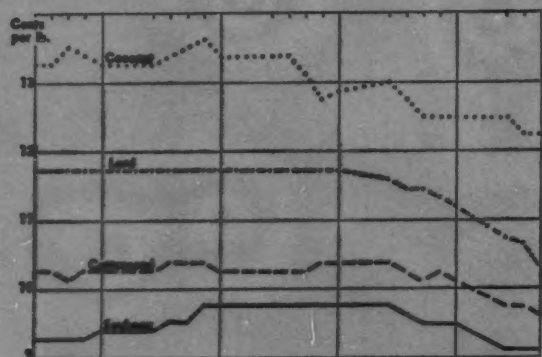
DAILY MARKET PRICES No. 1 Cash Soybeans, Chicago



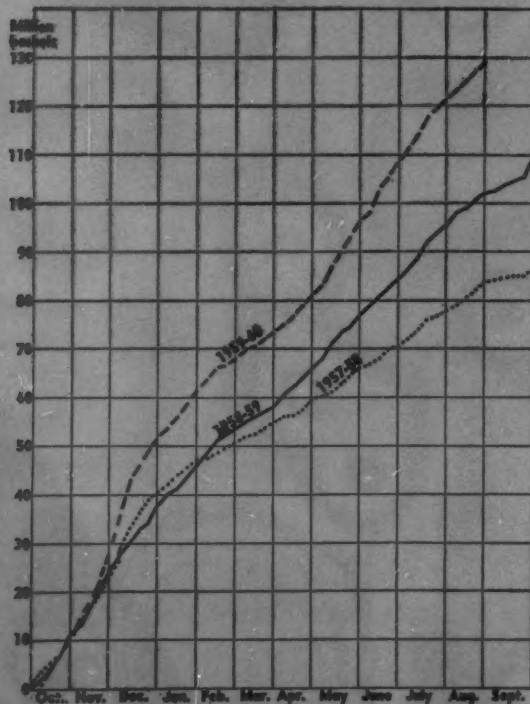
Bulk Soybean Meal, Decatur



Crude Vegetable Oils and Lard



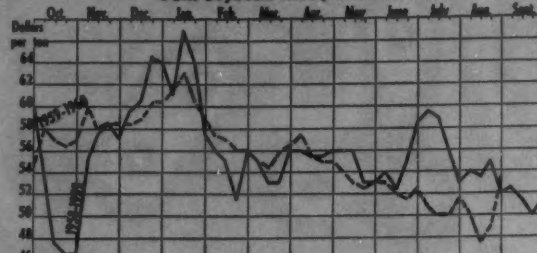
SOYBEAN INSPECTIONS FOR EXPORT, CUMULATIVE YEAR BEGINNING OCT. 1, 1957, 1958, 1959 From Agricultural Marketing Service Reports



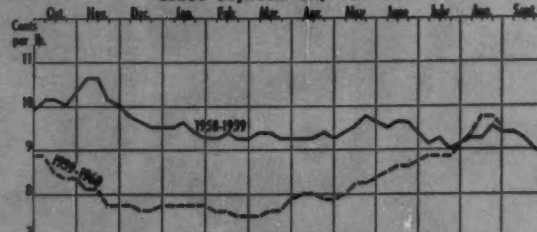
TRENDS AT A GLANCE (Weekly Close) No. 1 Cash Soybeans, Chicago



Bulk Soybean Meal, Decatur



Crude Soybean Oil, Tankers



CASH PRICES AUGUST 1960*

	No. 1 yellow soybeans Chicago	Bulk soybean meal Decatur	Soybean oil Decatur	Cottonseed oil Mississippi Valley	Coconut oil Pacific Coast	Lard Chicago
Aug. 1	\$2.22	\$51.50	\$.09 1/4	\$.10 1/4	\$.13 1/4	\$.1170
2	2.20	51.50	.09 1/4	.10 1/4	.13 1/4	.1170
3	2.19 1/2	51.00	.09 1/4	.10 1/4	.13 1/2	.1170
4	2.19 1/4	50.50	.09 1/4	.10 1/4	.13 3/4	.1170
5	2.20 3/4	50.00	.09 3/4	.10 1/4	.13 1/4	.1170
6	Saturday					
8	2.20 1/2	50.00	.09 3/4	.10 1/4	.13 1/4	.1170
9	2.20 1/2	49.50	.09 1/2	.10 3/4	.13 3/4	.1170
10	2.20 1/2	48.50	.09 1/2	.10 3/4	.13 1/2	.1170
11	2.20 1/2	47.50	.09 3/4	.10 3/4	.13 3/4	.1170
12	2.18 1/2	47.50	.09 3/4	.10 1/4	.13 3/4	.1170
13	Saturday					
15	2.18	47.50	.09 3/4	.10 1/4	.13 3/4	.1170
16	2.18 1/2	48.00	.09 3/4	.10 1/4	.13 3/4	.1170
17	2.19	48.00	.09 3/4	.10 1/4	.13 3/4	.1170
18	2.19	48.50	.09 3/4	.10 3/4	.12 3/4	.1170
19	2.20 3/4	49.00	.09 3/4	.10 3/4	.12 3/4	.1170
20	Saturday					
22	2.21 1/4	49.00	.09 3/4	.10 3/4	.13	.1160
23	2.20 3/4	49.00	.09 3/4	.10 1/4	.12 3/4	.1145
24	2.20 3/4	49.50	.09 1/2	.10 1/4	.12 1/2	.1145
25	2.21 3/4	52.00	.09 1/2	.10 1/4	.12 1/2	.1135
26	2.22 1/4	53.50	.09 1/2	.10 1/4	.12 1/2	.1122
27	Saturday					
29	2.20 1/2	53.50	.09 1/4	.09 3/4	.12 1/2	.1075
30	2.19 3/4	53.50	.09 1/4	.09 3/4	.12 1/4	.1065
31	2.19 1/2	53.00	.09 1/4	.09 3/4	.12 1/4	.1030

* From Wall Street Journal, Chicago.

1958 AND 1959 SOYBEAN CROPS

	1958-59	1959-60
Quantity repaid on price support loans as of July 31	40,983,964 bu.	42,560,000 bu.
Total delivered to Commodity Credit Corp. on warehouse receipts, farm loans and purchase agreements	3,728,047 bu.	67,558,717 bu.
Quantity remaining under price support	7,672,088 bu.	
Soybeans crushed		
Oct. 1-July 31	333,480,000 bu.	244,139,000 bu.
Exported Oct. 1-July 31	122,556,000 bu.	98,137,000 bu.
Balance on hand Aug. 1 for processing, export, or carryover	113,249,000 bu.	130,520,000 bu.
Total soybeans inspected for overseas shipment including lake shipments to Canada Oct. 1-Aug. 26	129,148,327 bu.	103,667,930 bu.

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See Tight Supply Situation in 1960-61

"TIGHT" is the word to be applied to the coming soybean supplies situation as you look at it now. That much is accepted all around. However, there is more to it than that if you're trying to get set for the year ahead.

What you understand by "tight" depends on where you are in the industry picture and what you want.

Tight, as the term is used in the Digest column this issue, is being applied statistically—supply figures related to best foreseeable demand estimates, based to a great extent on the past year's experience. This doesn't mean supplies "considerably" less than demand or that the situation is inflexible, either.

Perhaps "in close balance," a phrase we are borrowing from USDA, is more descriptive and less likely to be misleading. This implies that supplies are pretty close to demand but that there is plenty of room for developments. Little, rather than big, changes affect this type of situation.

USDA will begin to firm up its initial ideas on such "iffy" questions as price, export demand, and crushings in a late September report. In the meantime, here's the current statistical picture plus comments based on government and private analysts views:

Smaller Supply

Overall, August and September indications point to a total U. S. supply of edible fats, oils, and oilseeds the new marketing year of 14 billions. That's 2% or about 1/2 billion pounds under the current record year. Most of the reduction in supply is accounted for by the smaller bean supply.

It's this context that could soften the effect of tighter bean supplies. For example, cottonseed oil is in good supply and the new cottonseed crop should be about the same as last year. Prospective Peanut supplies are more than enough for domestic food and farm uses.

Officially, USDA hasn't come up with its year-end crush figures yet. Meal supply is already sizable. Much will depend on what the crush is for. USDA still thinks the year-end total will be about 395 million bushels. Some industry sources think 400 million bushels.

Domestic demand for all food fats is expected to continue to rise but only proportionately with population increase. On this basis, quantities of all food fats available for exports should be only slightly under the record 3.8 billion pounds predicted for the current year.

Export Prospects

Export prospects for all food fats and oils are favorable. Sales for dollars and a large P. L. 480 program are expected to duplicate last year's strong outward movement. Smaller Spanish olive oil crop and cutbacks in Congo palm oil exports should more than offset bigger Russian sunflower and Philippine coconut and copra oil crops. Plus slightly smaller U. S. supplies could mean slightly better export prices if price isn't too high.

Bean exports are expected to be around the record 130-135 million bushels now indicated for the current year, as USDA now sees it. Private sources are more bullish—see 140-145 million bushels, but base this range more on potential demand. USDA wants to wait, won't

build up the prospects without more facts.

One explanation of this may be—USDA sees total exports of soybean and cottonseed oil at about this year's estimated 1,450 million pounds. This would mean that any domestic inability to supply beans or bean oil demand abroad is expected to be met with increased cottonseed oil shipments.

USDA estimates bean supplies the coming season at 580 million bushels, about 20 million bushels less than the previous 2 years.

Farm Prices

Farm prices for beans are expected to average about \$1.97 per bushel, about the same as the current year as USDA sees it. Private industry sources consistently are more bullish so far compared to USDA, see an average of about \$2 or higher. Again, USDA analysts say it is too early to start pulling for prices above last year's levels.

Most differences over price we've encountered at this point rally around the question: Just how tight is supply? Carryover the current year could be as small as total requirements for 1 month. What the disagreements are over is the effect this may have on the market.

CCC Probe

Senate Commodity Credit Corp. probers want to abolish the uniform grain storage agreement system which sets uniform rates to be paid for storing CCC stocks. This is recommended in the final report on the "great grain storage probe" which should be off the presses by now.

The Senate agriculture subcommittee, which conducted the probe space contracts, negotiated with in-

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dividual warehousemen, not on a straight bid system. Under the new plan, CCC would take into account differences in costs in various storage areas, the percentage of occupancy by CCC grain, whether storage would be short-term or long-term, and other factors. CCC then would determine what it considered a reasonable profit for the individual storage facility and begin to negotiate.

Release of the committee staff and the final report wind up the investigation. The committee's findings are recommendations, not orders by Congress to change the system. USDA grain storage specialists have consistently opposed individually negotiated contracts as thoroughly "impracticable."

Terral Elected President Midsouth Shippers Group

JOHN TERRAL, Terral-Norris Seed Co., Lake Providence, La., was elected president of the Midsouth Soybean and Grain Shippers Association at the Association's seventh annual meeting in Memphis Aug. 2-3. He succeeds Albert R. Cravens, Missouri Soybean Co., Caruthersville, Mo.



John Terral

E. T. Barrett, Soybean Storage & Elevator Co., Hornersville, Mo., was elected vice president, succeeding Mr. Terral in that office.

Paul C. Hughes, Farmers Soybean Corp., Blytheville, Ark., was re-elected secretary-treasurer.

George O. Shelby, Jr., S & S Grain Storage Co., Charleston, Mo., was elected a director, succeeding Sam Savage, Dixie Seed Co., Gilliam, La.

Directors reelected were W. L. Gatz, Jr., the Bertig Co., Paragould, Ark.; Jake Hartz, Jr., Jacob Hartz Seed Co., Stuttgart, Ark.; M. L. Lockhart, Lockhart Grain Co., Augusta, Ark.; Joseph Stallings, Stallings Bros. Feed Mill, Morrilton, Ark.; L. R. Stokes, Cloverdale Grain Elevator, Alligator, Miss.; Wiley Jenkins, Delta Brokerage & Warehouse Co., Itta Bena, Miss.; Charles B. Fisackerly, Blaine Elevator Co., Blaine, Miss.; B. O. Berry, St. Joseph Grain Elevator, St. Joseph, La.; James H. Ozment, Jr., Farmers Grain & Soybean Co., Dyersburg, Tenn.; Gene Williamson, Browder Milling Co., Fulton, Ky.; and Jack Hudgens, Warterfield Grain Co., Union City, Tenn.

The Association noted that stink-

bug damage has become a serious problem in soybeans, and asked the U. S. Department of Agriculture inspection service to identify stinkbug damage on grade certificates as such and requested the service to "reconsider their interpretation of stinkbug damage to the extent that only those beans with a majority of their kernels affected by stinkbug damage be classified as damaged beans."

Oilseeds Committee To Meet Jan. 23-26

THE OILSEEDS and peanuts research and marketing committee of the U. S. Department of Agriculture will meet in Washington, D. C., Jan. 23-26, the Department of Agriculture has announced.

Executive secretary of the committee is Robert E. Stevenson, South Building, U. S. Department of Agri-

culture, Washington 25, D. C.

The committee is one of 24 appointed by the Secretary of Agriculture to offer guidance to USDA in appraising and planning research and service programs to improve the production, marketing, and utilization of agricultural products.

India Seeks Coloring Agent for Vanaspati

THE GOVERNMENT of India is trying to find a suitable coloring agent for vanaspati (hydrogenated vegetable oil) in an effort to halt the common practice of adulterating ghee (clarified butter) with vanaspati, reports the U. S. Department of Agriculture.

Profiteers find it easy to mix vanaspati and ghee and retail the resulting product as ghee. Because of strong demand, ghee is much higher priced than vanaspati.

- MARKET STREET -

We invite the readers of THE SOYBEAN DIGEST to use MARKET STREET for their classified advertising. If you have processing machinery, laboratory equipment, soybean seed, or other items of interest to the industry, advertise them here. Rate 10¢ per word per issue. Minimum insertion \$2.00.

SCHUTTE HAMMERMILL NO. 128, type F, ser. 1821482, 3,200 rpm, model 47. Write, phone, Erie Electric Co., Inc., Buffalo, N. Y. Ph: Cleveland 4758.

FOR SALE—ONE MODEL 945 Andrews auger, 45 ft., 4 cylinder Wisconsin engine. Write or phone 42, Railsback Bros., Weldon, Ill.

ALL KINDS OF GOOD USED grain processing machinery. E. H. Beer & Co., Baltimore 24, Md. Phone Dickens 2-6606.

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FOR SALE—ANDERSON 36-INCH cooker-drier in excellent condition. Price for rapid sale—25% of replacement cost. Southern States Feed Corp., P. O. Box 195, Forest Park, Ga.

FOR SALE—USED TANKS 17,000 gallon, Union Special sewing machine with conveyor belt, hammermill WW 125 hp motor \$1,200. Napoleon Alfalfa Mills, Inc., Napoleon, Ohio.

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STEEL GRAIN BINS—WE HAVE some 9,000 and 12,000 bu. King Size Bins plus a few other sizes available. Write for particulars. Midwest Steel Products Co., 121B Railway Exchange Bldg., Kansas City 6, Mo.

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IN THE MARKETS

EXPORTS. Preliminary data on U. S. exports of soybeans, soybean and cottonseed oils, and soybean and cottonseed cakes and meals for June 1960, with comparable data for June 1959 and cumulative totals for October-June in the marketing years 1958-59 and 1959-60, from Foreign Agricultural Service, U. S. Department of Agriculture.

Unit	June		October-June	
	1959	1960	1958-59	1959-60
Soybeans	bu. 8,880,368	11,185,295	88,286,546	109,556,154
Soybean oil:				
Crude	lb. 10,550,869	119,077,037	243,152,653	439,043,156
Refined but not further processed ..	lb. 7,068,254	24,948,894	36,933,359	71,041,014
Refined, deodorized and hydrogenated lb.	35,712,500	27,117,307	256,822,705	136,093,869
Cottonseed oil:				
Crude	lb. 3,548,682	2,665,936	203,292,677	266,546,141
Refined but not further processed ..	lb. 19,352,631	6,034,724	49,561,298	134,176,772
Refined, deodorized and hydrogenated lb.	2,522,730	1,419,711	17,223,505	26,052,529
Cottonseed short cake and meal ton	20	1,337	5,145	124,339
Soybean cake short and meal ton	38,041	44,526	397,521	524,200

Cottonseed and soybean oils and lard: Exports under Title I, P. L. 480 programs, and total exports, October 1954-June 1960 (million lbs.)

	Oct. 1-Sept. 30			Oct. 1-June 30		
	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60
Exports under P. L. 480:						
Cottonseed	117	291	55	97	141	56
Soybean	279	495	592	747	475	372
Total oils	117	570	550	689	888	531
Lard	112	65	3	.....	.....	.....
Total exports:						
Cottonseed	710	611	423	248	404	270
Soybean	50	557	807	803	941	547
Total oils	760	1,168	1,230	1,051	1,345	817
Lard	528	663	530	394	535	380

1 P. L. 480 exports are reported according to the month in which the bill of lading was dated. 2 June exports estimated. Foreign Agricultural Service, U. S. Department of Agriculture.

Soybean cake and meal: U. S. exports by country of destination, October-June 1959-60 and 1958-59 (short tons)

	Oct. 1959-1960		Oct. 1958-1959	
	June 1960	June 1959	June 1960	June 1959
Canada	151,157	177,141	.....	.....
Mexico	12,015	5,392	.....	.....
Cuba	13,184	36,311	.....	.....
Jamaica	295	210	.....	.....
Barbados	230	150	.....	.....
Trinidad and Tobago	305	344	.....	.....
Venezuela	5,686	8,328	.....	.....
Surinam	84	54	.....	.....
Yugoslavia	3,296	.....	.....	.....
Iceland	1,212	720	.....	.....
Sweden	2,044	50	.....	.....
Norway	9,150	18,654	.....	.....
Denmark	9,907	7,996	.....	.....
United Kingdom	1,337	60	.....	.....
Ireland	1,653	3,677	.....	.....
Netherlands	69,120	25,780	.....	.....
Belgium and Luxembourg ..	58,806	12,425	.....	.....
France	9,496	.....	.....	.....
West Germany	58,828	7,300	.....	.....
Switzerland	3,518	578	.....	.....
Spain	41,897	15,210	.....	.....
Italy	39,975	63,248	.....	.....
Greece	879	1,361	.....	.....
Argentina	33	350	.....	.....
Philippines	8,730	10,459	.....	.....
Japan	495	651	.....	.....
Panama	700	814	.....	.....
Poland	17,083	.....	.....	.....
Hong Kong	424	.....	.....	.....
Other	2,661	258	.....	.....
Total	524,200	397,521	.....	.....

Bureau of the Census.

Title I, P. L. 480. Exports for July 1960

Commodity	Metric tons	Unit	Quantity
Cottonseed oil	4,374	lb.	9,643,000
Soybean oil	15,770	lb.	34,768,000

Foreign Agricultural Service, U. S. Department of Agriculture.

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PROCESSING OPERATIONS. Reported by Bureau of the Census for June and July 1960 (1,000 short tons).

Primary products except crude oil at crude oil mill locations: Production, shipments and transfers, and stock, July 1960-June 1960

	Production		Shipments and transfers		Stocks end of month	
	July 1960	June 1960	July 1960	June 1960	July 31, 1960	June 30, 1960
Soybean:						
Cake and meal.....	720.8	721.6	708.0	743.8	125.5	112.7
Millfeed (hull meal)....	12.6	12.2	11.2	12.3	4.9	3.5

Soybeans: Net receipts, crushings, and stocks at oil mills, by states, July 1960-June 1960

	Net receipts at mills ¹		Crushed or used		Stocks at mills	
	July 1960	June 1960	July 1960	June 1960	July 31, 1960	June 30, 1960
U. S.	666.1	825.9	941.3	939.8	1,016.3	1,291.5
Arkansas	4.8	10.0	18.0	21.2	37.6	50.8
Illinois	203.7	255.8	281.0	274.6	197.9	275.1
Indiana	76.9	(2)	78.6	83.8	75.3	77.0
Iowa	128.6	171.4	164.9	161.5	223.3	259.6
Minnesota	82.7	64.2	74.1	71.1	64.8	56.2
Mississippi	2.9	6.1	20.0	27.8	8.1	25.2
Missouri	(2)	(2)	(2)	(2)	(2)	(2)
Nebraska	(2)	(2)	(2)	(2)	(2)	(2)
North Carolina	(2)	(2)	(2)	(2)	28.3	39.7
Ohio	76.5	89.1	90.8	85.4	117.1	131.5
Tennessee	45.6	66.1	76.0	72.6	94.9	125.3
All other	44.4	163.2	137.9	141.8	169.0	251.1

Note: Detail figures may not add to totals because of independent rounding. ¹Net receipts for each state are derived from the quantity of beans crushed and net change in stocks. ²Included in "All other" to avoid disclosure of figures for individual companies.

Soybean products: Production and stocks at oil mill locations, by states, July 1960-June 1960

	Crude oil (millions of pounds)				Cake and meal (thousands of tons) ¹			
	Production		Stocks		Production		Stocks	
	July 1960	June 1960	July 31, 1960	June 30, 1960	July 1960	June 1960	July 31, 1960	June 30, 1960
U. S.	350.0	348.6	135.2	133.8	733.4	733.8	130.4	116.2
Arkansas	6.7	8.0	1.1	0.9	14.0	16.9	5.8	7.2
Illinois	107.3	105.2	35.2	38.1	214.8	209.6	33.6	38.0
Indiana	29.2	31.6	(2)	(2)	60.7	65.6	(2)	(2)
Iowa	60.5	58.3	21.6	20.0	130.1	127.4	21.3	19.8
Minnesota	26.7	25.2	31.0	26.5	59.0	55.0	6.0	2.4
Mississippi	8.1	11.0	1.5	3.4	16.8	23.7	6.0	8.7
Missouri	(2)	(2)	1.8	2.1	(2)	(2)	(2)	(2)
Nebraska	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
N. Carolina	(2)	(2)	1.1	0.8	(2)	(2)	2.5	1.7
Ohio	33.9	32.3	11.4	13.0	71.0	66.4	8.2	4.4
Tennessee	27.9	26.0	9.0	7.5	59.1	56.7	11.8	6.9
All other	49.7	51.0	21.5	21.5	107.9	112.5	35.2	27.1

Note: Detail figures may not add to totals because of independent rounding. ¹Includes millfeed (hull meal). ²Included in "All other" to avoid disclosure of figures for individual companies.

PRICE SUPPORT. Loans and purchase agreement totals, loan repayments, and quantities delivered through July on 1959 Soybeans put under support, reported by Agricultural Marketing Service (bushels).

Warehouse and farm loans			Purchase agreements	
Total under loan	Quantity repaid	Quantity delivered	Quantity under agreements	Quantity delivered
45,323,337	40,983,964	3,722,825	7,061,562	5,222

PRICES. Average prices for soybeans received by farmers, effective parity, and support rates, reported by Agricultural Marketing Service (dollars per bushel).

Average farm price			Effective parity	Av. price as percent of parity	National average price support rate		
July 13, 1960	June 13, 1960	July 13, 1959	July 13, 1960	July 13, 1960	1960 crop	1959 crop	1958 crop
1.97	1.97	2.05	2.90	68	1.85	1.85	2.09

Average farm and parity prices from crop reporting board.

Soybean prices compared with market value of soybean oil and meal

	Soybean oil		Soybean meal		Value of oil and meal from bushel of soybeans ¹	Market price of No. 1 yellow soybeans	Spread between soybean price and value of oil & meal
	Average price at crushing plant	Value from bu. of soybeans ¹	Bulk price at Decatur	Value from bu. of soybeans ¹			
	Cts. per pound	Dollars	Dollars per ton	Dollars	Dollars	Dollars	Cents
July 1960 ²	8.9	0.98	50.75	1.19	2.17	2.09	8
June 1960	8.6	0.95	52.50	1.23	2.18	2.06	12
May 1960	8.2	0.90	54.20	1.27	2.17	2.09	8
Apr. 1960	7.9	0.87	56.50	1.33	2.20	2.11	9
Mar. 1960	7.7	0.85	55.85	1.31	2.16	2.08	8
July 1959	9.1	1.00	58.50	1.37	2.37	2.15	22

¹Based on assumption that a bushel of soybeans yields 11 pounds of oil and 47 pounds of meal. ²Preliminary. This table is for statistical comparison only. It does not reflect actual operating margins since prices are simple averages and do not take into account location differentials or actual purchases and sales of soybeans, soybean oil or soybean meal.

FACTORY USE OF VEGETABLE OILS for May and June 1960. Reported by Bureau of the Census (million pounds).

Selected edible oils: Production, consumption, and factory and warehouse stocks

	Cottonseed oil		Soybean oil	
	June 1960	May 1960	June 1960	May 1960
Production:				
Crude oils	62.6	86.7	348.6	*356.9
Refined oils (once-refined) ¹	80.2	106.6	303.7	280.9
Consumption in refining ¹	86.5	114.8	317.9	293.3
Consumption in selected edible and inedible products, total ²	104.6	*103.7	305.4	*275.2
Consumption in edible products, total	104.2	*103.3	286.4	*255.8
Baking or frying fats	32.2	*29.1	114.1	*97.5
Salad or cooking oil	60.1	64.0	81.1	73.4
Margarine	9.8	7.9	86.5	81.9
Other edible products ³	2.1	2.3	4.7	*3.0
Stocks, end of month, total ²	382.0	446.9	431.3	*564.5
Crude oils	73.2	87.5	220.4	*311.8
Refined oils	308.8	359.4	210.9	252.7

* Revised. ¹ Production of refined oils covers only once-refined oil. Degummed soybean oil is reported as crude oil. ² Includes hydrogenated fats and other fats and oils "in process," (e.g. refined cottonseed includes stocks of stearin). ³ Includes confectioners fats.

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SUPPLY AND DISTRIBUTION of the soybean crop, 1953-60, reported by Agricultural Marketing Service (1,000 bushels).

Year and quarter	Supply Stocks at beginning of period ¹					Total stocks	Production	Total supply
	Terminal	Pro- cess- ing	Inter- ior	Total				
	Farms	mar- kets	plants	mills ³				
1953-58 av.								
Oct.-Dec.	3,168	1,649	331	621	1,242	7,011	383,385	390,396
Jan.-Mar.	140,702	16,652	58	66,829	62,504	286,745		286,745
Apr.-June	88,614	13,052	7	47,889	38,722	188,284		188,284
July-Sept.	21,375	6,752	331	25,388	18,357	72,203		72,203
Season						7,011	383,385	390,396
1958-59								
Oct.-Dec.	2,191	2,635	2,012	4,649	9,596	21,083	579,713	600,796
Jan.-Mar.	201,993	42,767	1,954	98,610	126,005	471,329		471,329
Apr.-June	125,815	26,839	1,895	73,993	95,956	324,498		324,498
July-Sept.	35,966	16,263	102	44,883	60,310	157,524		157,524
Season						21,083	579,713	600,796
1959-60								
Oct.-Dec.	17,105	7,550	873	4,217	32,645	62,390	537,895	600,285
Jan.-Mar.	198,393	40,512	327	104,623	110,248	454,103		454,103
Apr.-June	143,003	33,731	159	64,803	68,007	309,703		309,703
July-Sept.	42,140	17,732	407	43,050	33,178	136,507		136,507
Season								

Year and quarter	Used for seed	Distribution		Feed and residual ⁵	Total
		Crushed at mills	Net exports ⁴		
1953-58 av.					
Oct.-Dec.	—	73,865	32,333	—2,547	103,651
Jan.-Mar.	—	73,406	12,769	12,286	98,461
Apr.-June	25,599	71,354	11,800	7,328	116,081
July-Sept.	—	64,385	10,820	—12,202	63,003
Season	25,599	283,010	67,722	4,865	381,196
1958-59					
Oct.-Dec.	—	101,435	38,038	—10,006	129,467
Jan.-Mar.	—	106,663	22,738	17,430	146,831
Apr.-June	27,241	104,127	27,510	8,096	166,974
July-Sept.	—	89,000	21,786	—15,652	95,134
Season	27,241	401,225	110,072	—132	538,406
1959-60					
Oct.-Dec.	—	105,270	50,641	—9,729	146,182
Jan.-Mar.	—	99,217	25,128	20,055	144,400
Apr.-June	28,909	97,617	36,601	10,069	173,196
July-Sept.	—	—	—	—	—
Season	—	—	—	—	—

¹ Oct. 1 stocks in all positions include only old-crop soybeans. ² Owned and stored in bins or other storage owned or controlled by CCC. Additional CCC-owned grain is included in other positions. ³ All off-farm storages not otherwise designated. ⁴ Exports minus imports, which are negligible. ⁵ Mostly quantity fed, but includes waste, loss, and statistical errors in estimates.

SUPPLY, DISTRIBUTION of soybeans for the 1956-57 through 1959-60 crop years, from Agricultural Marketing Service (1,000 bushels).

	1959-60	1958-59	1957-58	1956-57
Carryover, Oct. 1	62,390	21,083	9,897	3,731
Production	537,895	579,713	483,715	449,446
Total supply ¹	600,285	600,796	493,612	453,177
Farm use, including seed for season	31,000	28,000	34,000	42,000
Quantity remaining for processing, export, or carryover	569,285	572,796	459,612	411,177
Disappearance, Oct. 1 through July 31				
Crushed for oil or processed ²	333,480	344,139	297,119	268,318
Exported	122,556	98,137	77,354	73,019
Total	456,036	442,276	374,473	341,337
Balance on Aug. 1 for processing, export, or carryover	113,249	130,520	85,139	69,840

¹ Imports not included because negligible. ² No allowance is made for new-crop crushings prior to Oct. 1. ³ Estimated.

Oilseed Meals: Production, stocks, foreign trade, and domestic disappearance, October-June 1959-60 and 1958-60 (1,000 tons)

	¹ Stocks Oct. 1	Pro-duction October	Imports 1959-June	Exports 1960	Domestic disappearance 1959	¹ Stocks June 30
Soybean	58.5	7,011.8	0	524.2	6,429.9	116.2
Cottonseed	97.0	2,194.6	30.3	124.4	1,994.7	202.8
Linseed	33.3	283.6	2.1	49.9	223.3	45.8
Copra		95.6	6.4		102.0	
Peanut	1.8	48.5	0		44.6	5.7
Total	190.6	9,634.1	38.8	698.5	8,794.5	370.5
Soybean	48.1	7,368.6	0	397.5	6,860.1	159.1
Cottonseed	71.2	1,811.1	121.8	5.2	1,845.2	153.7
Linseed	26.3	309.1	3.4	14.3	314.5	10.0
Copra	0.6	83.3	27.8		108.0	3.7
Peanut	1.5	59.4	0		55.9	5.0
Total	147.7	9,631.5	153.0	417.0	9,183.7	331.5

Note: Dash indicates data is not available. ¹ Stocks at processing plants only.

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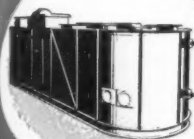
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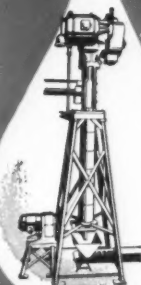
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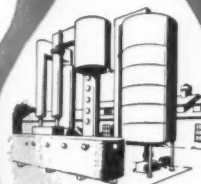
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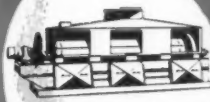
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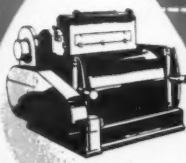
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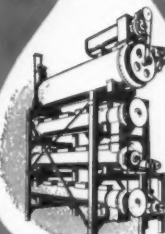
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Harry Bearman, Cresco, Iowa

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Glen Ebbert, Ft. Atkinson, Wisconsin

Marketed 50 crossbred hogs in 179 days weighing 233 lbs. Average selling price, \$15.00 per cwt. Profit per hog over feed cost, \$12.90. Feed cost, birth to market, per pound of gain, 9.5c.

Dave Robinson, Clarkesville, Missouri

Marketed 109 hogs in 157 days weighing 209 lbs. Average selling price, \$13.64 per cwt. Profit per hog over feed cost, \$13.25. Feed cost per lb. of gain, birth to market, 7.3c; feed conversion, 2.7 lbs.

Albert Wilson, New Providence, Iowa

Marketed 339 hogs weighing 235 lbs. Feed cost—birth to market including corn at market cost, grinding, mixing and delivering—6.9c. Feed cost for sows per pig farrowed, 77c.

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